Daily Report

Latin America

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CONTENTS

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

INTER-AMERICAN AFFAIRS

Economic Ministers Support Bush Initiative *[ACAN]* 1
Southern Free Trade Zone To Be Created by 1995 *[Brasilia Radio]* 1
Group To Begin Talks in September *[Buenos Aires TELAM]* 1
Jamaica, Mexico Establish Economic Pact *[Bonaire Radio]* 1

CARIBBEAN

Cuba

Iraq Urged To Withdraw Troops From Kuwait *[Havana TV]* 2
Castro Letter to Nonaligned Movement *[Havana TV]* 2
Vice President Holds News Conference in Caracas *[Havana TV]* 2
Commentary Analyzes 'Embassy Crisis' in Havana *[Havana International]* 2
Medical Team Held Captive Released in Sudan *[Havana TV]* 3
Raul Castro Begins Touring Las Tunas Province *[Havana TV]* 3
More on Tour *[Havana TV]* 4
Escalona Meets With Peruvian President Fujimori *[Havana TV]* 4
Colombia Praises Havana Sports Assistance *[Havana TV]* 4
DPRK's Kim Il-song Awards PCC Official *[Havana TV]* 4
Correction to Castro Moncada Anniversary Speech 4

Inter-Caribbean Affairs

Committee Set Up for Trinidad-Tobago Relief Aid *[CANA]* 5
Caricom To Introduce Common Tariff by 1 January *[Bonaire Radio]* 5

Haiti

Nationale Reports on Manigat Barring Incident *[Port-au-Prince Radio]* 5
Modelh/PRDH Contests Validity of Electoral Law *[Port-au-Prince Radio]* 6
State Council, Ministers Reach Two Agreements *[Port-au-Prince Radio]* 6
General Abraham Opens Seminar for Section Chiefs *[Port-au-Prince Radio]* 6
Constitutional Watchdog Committee Issues Statement *[Port-au-Prince Radio]* 7
State Council President Reviews Duvalier Years *[LE NOUVELLISTE 30 Jul]* 7

Jamaica

Heavy Gunfire, Violence 'Possibly' Political *[CANA]* 9

Trinidad and Tobago

Port of Spain Closed Down After Rebels Surrender *[Bonaire Radio]* 9
Spokesman Says Rebel Confidence 'Whittled Away' *[CANA]* 9
Reporter Assesses Aftermath of Coup Attempt *[Caracas TV]* 10

MEXICO

Government Demands 'Immediate' Iraqi Withdrawal *[Mexico City NOTIMEX]* 12
Pemex Says No Increase To Meet U.S. Needs *[Madrid EFE]* 12

CENTRAL AMERICA

El Salvador

FMLN-FDR 'Murder Campaign' Condemned *[EL DIARIO DE HOY 1 Aug]* 13
Reports on Recent Clashes With FMLN *[San Salvador Radio]* 13
Radio Rounds Up FMLN Actions During July *[Radio Venceremos]* 13

Guatemala

President Cerezo Condemns Invasion of Kuwait *[ACAN]* 14
Government Authorities Receive 'Death Threats' *[PRENSA LIBRE 1 Aug]* 14

Nicaragua

Godoy Says Chamorro Has 'Joint Government' *[ACAN]* 14
Vice President Godoy Comments on Economic Aid *[Mexico City NOTIMEX]* 15
First Sandinist Congress Debates Discussed *[BARRICADA 31 Jul]* 16
Minister Pledges Not To Dislodge Cooperatives *[Managua TV]* 17
Rumor Suggests Dismissal of Bank Director *[Managua Radio]* 17
Illegal Fishing Boats Will Not Be Fined *[Managua TV]* 17

Panama

Bomb Explodes at Comptroller General's House *[Panama City Radio]* 18
Hijacked Plane Reportedly Takes Guerrilla to Cuba *[Panama City TV]* 18
Draft Pact With U.S.on Legal Obligations *[EL PANAMA AMERICA 30 Jul]* 18
Arias Calderon on Legislation for Reverted Areas *[Panama City TV]* 19
Country's Ability To Manage Canal Questioned *[LA PRENSA 31 Jul]* 19
Conato Resolution Rejects Economic Strategy *[CRITICA LIBRE 2 Aug]* 22
Colon Free Zone Manager on 'Alleged' Agreement *[LA PRENSA 31 Jul]* 22
Government To Receive Assistance From Japan *[LA ESTRELLA DE PANAMA 1 Aug]* 23
Assembly Secretary Criticizes President *[CRITICA LIBRE 2 Aug]* 23

SOUTH AMERICA

Argentina

Menem Discusses National Transformation *[Buenos Aires TV]* 24
Menem, Navy Chiefs Analyze National Situation *[TELAM]* 27
Government Calls on Kuwait, Iraq To Negotiate *[TELAM]* 28
Trade Agreements Signed With Paraguay *[Buenos Aires Radio]* 28
Diplomatic Ties Established With Namibia *[LA PRENSA 1 Aug]* 28
Cali, Medellin Cartels Operating Here *[NOTICIAS ARGENTINAS]* 28
Bolivians To Be Given Residence Documents *[Buenos Aires Radio]* 29

Bolivia

Government 'Deplores' Iraqi Invasion of Kuwait *[Madrid EFE]* 29
Government Demands Funds for Alternative Program *[La Paz Radio]* 29
Canadian Company Conducts Aviation Security Study *[La Paz Radio]* 30

Brazil

Weapon Sales to Iraq Denied; Trade To Continue *[Brasilia Radio]* 30
Debt Payments To Resume After IMF Accord *[FOLHA DE SAO PAULO 31 Jul]* 30
Government Outlines IMF Policy, Interest Plan *[FOLHA DE SAO PAULO 31 Jul]* 30
Rezek Notes Advantages of Regional Common Market *[O GLOBO 24 Jul]* 31
Argentine Minister Discusses Common Market Group *[O ESTADO DE SAO PAULO 1 Aug]* 31
Text of Provisional Measure 199 Published *[O GLOBO 28 Jul]* 32
Government Reduces Payroll Expenses by 50 Percent *[Brasilia Radio]* 33
Government Hikes Fuel Prices by 8.5 Percent *[Rio de Janeiro TV]* 33
July Inflation Rate Totals 10.79 Percent *[FOLHA DE SAO PAULO 31 Jul]* 33

Chile

U.S. Senate Move on Fruit Tests Criticized *[Santiago Radio]* 34
Socialists, Communists Urge Pinochet Resignation *[Santiago Radio]* 34
Consumer Price Index for July, Past Year Noted *[Santiago Radio]* 34

Colombia

Foreign Minister Condemns Invasion of Kuwait *[Bogota Radio]* 34
Gaviria, M-19 Member Comment on Agreement *[Bogota TV]* 35
Police Uncover Alleged Plan To Attack Gaviria *[Bogota TV]* 35
National Police Investigating Members *[Bogota Radio]* 36
* Editorial Views U.S. Trade Initiative *[EL TIEMPO 30 Jun]* 36
* State To Pay Compensation For Judicial Delays *[EL ESPECTADOR 30 Jun]* 37
* Retail Sales Slow Due To Low Demand *[EL TIEMPO 25 Jun]* 38

Paraguay

Minister on Presence of U.S. Military Advisers *[ULTIMA HORA 2 Aug]* 39
Rodriguez Reflects on Attorney General Situation *[ABC COLOR 2 Aug]* 39
Military, Police Break Up Criminal Ring in Chaco *[Asuncion Radio]* 40
Members of Brussels Drug 'Network' Arrested *[HOY 2 Aug]* 40

Peru

Government Communique Protests Iraqi Invasion *[Lima Radio]* 41
State of Emergency Declared in Yurimaguas *[EXPRESO 28 Jul]* 41
Paz Zamora Denies Terrorists in Bolivia *[EXPRESO 30 Jul]* 41
Cuba's Escalona Visits Senate President *[Lima TV]* 42
Chamber of Deputies Executive Board Elected *[EL COMERCIO 27 Jul]* 42
Bank Meeting on Monetary Policy Measures *[Lima TV]* 42
Counterfeited Dollar Bills Sold on Black Market *[EXPRESO 28 Jul]* 42
* Change 90 'Governing Plan' Outlined *[EL NACIONAL 12-15 Jun]* 43
* Draft Judicial Reform Detailed *[CARETAS 25 Jun]* 57
* Hnylicza Describes Change 90 Economic Plan *[CARETAS 25 Jun]* 59
* MRTA Leader Polay on Armed Struggle *[CARETAS 25 Jun]* 61

Uruguay

Executive Branch Wants To End State Monopolies *[Montevideo Radio]* 63

Venezuela

President Perez 'Worrried' by Iraqi Invasion *[Caracas TV]* 63
Perez Comments on Role of South Commission *[Caracas TV]* 63
Cuban Vice President Discusses Castro Policy *[Caracas TV]* 64
Discusses Free Trade Zone Proposal *[Madrid EFE]* 65
Protocol Signed Making Country GATT Member *[Caracas TV]* 66

Guyana

Hoyte on Elections, Foreign Observers, Aid *[CANA]* 66

Suriname

Government To Begin Talks With Jungle Commando *[Paramaribo International]* 66
Military Authority Rejects French Peace Plan *[Paramaribo International]* 67
Dutch Minister's Remarks Termed Insulting *[Paramaribo International]* 67

Economic Ministers Support Bush Initiative

PA0208184690 Panama City ACAN in Spanish 1740 GMT 2 Aug 90

[Text] Tegucigalpa, 2 Aug (ACAN-EFE)—The Central American economic ministers today voiced in Tegucigalpa their support for the "enterprise for the Americas" initiative proposed last June by U.S. President George Bush.

The ministers announced their support for the Bush proposal at the conclusion of the meeting during which they discussed the progress made by the economic action plan for Central America, the European market for banana exports, and the integration process.

The ministers emphasized that Central America hopes the "enterprise for the Americas" initiative will be effective "in a short period of time" so that it will promote the economic development of the region.

The resolution of the ministers added that Central American participation in international trade requires increasing the investment of the productive sectors in order to increase the production levels, particularly in exports.

In addition, they felt it was necessary to increase commercial relations through the gradual elimination of the trade barriers.

Honduran Economy Minister Ramon Medina Luna said that during the meeting it was agreed to request the European Community to increase the preferential treatment for the entry of products, such as bananas, in Europe.

Medina Luna said the ministers had also discussed a program to promote investments in the region in order to establish Central American productive enterprises for export purposes.

As for bilateral treaties, it is expected that these might disappear by 1992 in order to establish a free trade zone.

In addition, the ministers agreed that it is necessary to reorganize the Secretariat of Central American Economic Integration and give it a "new outlook" in line with the ideas of the five presidents of the region.

Southern Free Trade Zone To Be Created by 1995

PY0208132890 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 2 Aug 90

[Text] Brazil, Argentina, Chile, and Uruguay have decided to create a free trade zone open to other countries on the continent before December 1995 [year as heard]. The decision was made by the foreign and economy ministers of the four countries who met in Brasilia. This means that trade barriers will be eliminated in the area.

Chile however, will remain out of this common market [as heard], while Paraguay was invited to participate. Uruguay will fully join the integration agreements signed between Brazil and Argentina.

Group To Begin Talks in September

PY0308010590 Buenos Aires TELAM in Spanish 1646 GMT 2 Aug 90

[Text] Sao Paulo, 2 Aug (TELAM)—The common market group, comprising Argentina and Brazil, will hold its first working meeting between 3 and 5 September in Buenos Aires. They will begin to analyze a complete program, seeking an overall integration between the two countries.

The organization of the common market group was decided jointly by Argentine and Brazilian Foreign Ministers Domingo Cavallo and Francisco Rezek, respectively, as a result of the several meetings they held in Brasilia over the past few days.

Among the subjects that this working group will analyze are the promotion of exports, customs procedures, subsidies on products, exports and consumption, credit policy, high technology, and public services.

Argentina will be represented by Industry and Foreign Trade Secretary Jorge Pereyra de Olazabal and Economy Minister Director Alejandro Mayoral, while Ambassador Celso Luiz Nunes Amorim and Jose Denot Medeiros will represent Brazil.

The two foreign ministers signed a joint document stressing their decision to work jointly in the high technology sector, seeking, in cooperation with the private sector, foreign financial support for the two countries in areas such as computer science, biotechnology, and aerospace.

Cavallo and Argentine Economy Minister Antonio Erman Gonzalez left Brasilia today and arrived in Sao Paulo at noon to lecture at the Brazilian Association of Food Industries, the president of which, Eduardo Klot, expressed the Brazilian businessmen's firm desire to work for the binational integration in this sector.

At approximately 1500, Cavallo and Gonzalez will return to Argentina thus concluding a four-day visit which, concerning foreign relations, evolved around President George Bush's proposal, seeking the Argentine-Brazilian integration with the inclusion of Uruguay in the process.

Jamaica, Mexico Establish Economic Pact

FL0308115290 Bonaire Trans World Radio in English 1130 GMT 3 Aug 90

[Text] At the Caribbean Community summit in Kingston, Jamaica and Mexico have agreed on an economic pact to reduce Jamaica's debt to that country by about $30 million. It allows Mexicans to buy Jamaican Government debt at a discount of 42 cents on the dollar. It will be traded for equity in Jamaican businesses which are being privatized by the government in Kingston.

Cuba

Iraq Urged To Withdraw Troops From Kuwait

FL0308010090 Havana Television Service in Spanish 0029 GMT 3 Aug 90

["Statement" issued by the Foreign Ministry]

[Text] Iraqi troops entered the territory of the state of Kuwait before dawn this morning after negotiations aimed at finding a solution to their differences on oil quotas, crude prices, and border limits were interrupted. Cuba considers unacceptable the use of force to solve international conflicts. Taking into account the decision approved early this morning by the UN Security Council, of which it is a part, Cuba insists on the urgent need to reestablish Kuwait's sovereign rights and supports the finding of a solution within the framework of the Arab League.

Cuba also alerts the international community so that this action is not used as a pretext by the U.S. Government and some of its allies to increase its presence and conduct a direct military intervention in the region.

Cuba, which maintains friendly relations with Iraq, makes a call to its government to withdraw its troops from Kuwait—with whom we are also linked by friendly ties—and immediately resume the appropriate negotiations to solve the differences through political means.

Cuba will begin to make the appropriate contacts in the Nonaligned Movement—to which Iraq and Kuwait also belong—to help find a negotiated political solution.

Castro Letter to Nonaligned Movement

FL0308012390 Havana Television Service in Spanish 0031 GMT 3 Aug 90

["Text" of letter sent by Commander in Chief Fidel Castro, president of the Councils of State and Ministers of the Republic of Cuba, to Borisav Jovic, president of the presidency of the Socialist Federal Republic of Yugoslavia and president of the Nonaligned Movement]

[Text] Esteemed Comrade President: I write to you, president of the Nonaligned Movement, regarding the regrettable events that took place before dawn this morning between Iraq and the State of Kuwait, both of them members of our movement.

We believe that the nonaligned countries cannot cease to exert their influence and action in helping to urgently reach a peaceful solution to the conflict, keeping in mind not only the inadmissibility of the use of force in international relations but also the consequences that it could bring to the countries of the region, including Kuwait and Iraq.

We cannot ignore the danger an escalation of the military presence of the United States and some of its allies in that area or of another possible attack of U.S. allies against the Arab states would pose for peace in the Gulf as well as for the independence and sovereignty of the countries of the region.

For these reasons, I urge you to take the necessary immediate steps so that the Nonaligned Movement begins its action without delay in support of the efforts of the international community favoring a peaceful solution and preventing the above mentioned possible consequences. By doing this I express the complete willingness of our government to fully participate in the actions that are decided.

Accept, Comrade President, the certainty of my high regards.

[Signed] Fidel Castro Ruz, president of the Council of State and of the Government of the Republic of Cuba.

Vice President Holds News Conference in Caracas

FL0308114290 Havana Tele Rebelde Network in Spanish 1100 GMT 3 Aug 90

[Text] Cuban Vice President Carlos Rafael Rodriguez has said that Latin America has to organize its defenses before embarking upon a new relationship with the United States and he stressed that our country is prepared to win, no matter what. Carlo Rafael made these remarks in Caracas, Venezuela, where he is attending the Ninth South Commission Meeting.

The meeting was inaugurated by Venezuelan President Carlos Andres Perez, who called upon countries of the South to follow the path that has now opened before them. Representatives from 50 nations are attending the Caracas meeting.

Cuban Vice President Rodriguez also stressed that Bush's newest initiative for Latin America and the Caribbean is aimed at exerting more domination over the region's economy. In regard to Cuba's current reality in view of the economic threat, he said that we are preparing ourselves just as if we were preparing for a military threat.

In the Caracas news conference, Carlos Rafael also mentioned the situation in Trinidad and Tobago and said that this cannot be used as an excuse for foreign intervention. The United States, he said, does not have the right to become the policeman of Latin America, the countries of which have enough awareness to defend their own interests.

Commentary Analyzes 'Embassy Crisis' in Havana

PA0308044790 Havana International Service in Spanish 0000 GMT 3 Aug 90

[Commentary by Pedro Martinez Pirez]

[Text] Those who drew up the destabilization plan around the foreign diplomatic missions in Havana and unleashed an intensive propaganda campaign against

Cuba abroad have now come under criticism from international public opinion.

The reports spread around the world by news agencies that Cubans wanted to escape en masse from their country because they felt overwhelmed by hunger and the lack of democratic freedoms proved to be false. So were the reports that Cuba was denying the right to emigrate to persons wishing to establish themselves in other countries through legal means. It was also false that there was a climate of terror and flagrant violations of human rights in Cuba, and that the citizens of this small Caribbean nation had no option but to seek refuge in embassies.

The numerous reporters, diplomats, tourists, and other foreigners who visited the Cuban island this summer were able to see the full truth for themselves. First, only four European countries found themselves involved in this maneuver, which many think was U.S.- instigated. Those countries were Czechoslovakia, Switzerland, Italy, and Spain. Second, there were only 44 citizens who served as guinea pigs for this conspiracy against Cuba.

Because of the volume and persistence of reports, many persons abroad must have thought that there was a real crisis around the embassies in Havana. Reports to the world that 26 out of the 44 alleged refugees voluntarily and unconditionally left the Czechoslovak, Swiss, and Italian Embassies and that the only ones remaining are those who illegally entered the Spanish Embassy will naturally be sparse.

The much publicized matter has lost interest for the foreign press for lack of new material, but deep analyses of the masterminds of this failed anti-Cuban conspiracy and the strategic objectives of the plan should have taken its place. Despite the repeated denials by the U.S. Interests Section in Havana, the plans for what was to become a scandal of major proportions were drawn up at that office. Several of those who illegally entered the Czechoslovak Embassy made this confession, and Cuba has evidence showing that Washington was at the center of this maneuver.

It became clear that the United States tried to involve European countries in its anti-Cuban conspiracy, and that Washington is violating the immigration agreements with Cuba to sow unrest and lead some people to take violent action against the security of the Cuban state. At the bottom line, this is an attempt to find allies in order to close the ring around Cuba, which has refused to submit to the dictates from the north and is not giving up its bid to consolidate and perfect its social regime, as well as to preserve its independence and sovereignty amid an international situation that is very complex for the Latin American and Third World nations.

The foiled destabilization plan of the diplomatic missions in Havana must be viewed in this context.

Medical Team Held Captive Released in Sudan

FL0308022190 Havana Television Service in Spanish 0000 GMT 3 Aug 90

[Text] Comrades Caridad Benavides Carmona, instrument nurse; and Dr. Humberto Gonzalez Sanchez; civilian health workers who were providing medical services in the Ethiopian locality of Asosa, were released in Khartoum today after being captured by the so-called Oromo Liberation Front and held captive for over six months.

The above mentioned comrades were handed over in Khartoum, Sudan to the representatives of the state of Palestine in presence of Dr. Esmildo Gutierrez, president of the Cuban Red Cross, and a Foreign Ministry delegation headed by Comrade Reinaldo Calviac, director of the Subsaharan Africa region. They are expected to arrive in Cuba on Saturday 4 August.

The release of these comrades was a result of long diplomatic efforts made with the Sudanese Government. The president of the Arab Republic of Egypt, former president of the OAU, the People's Democratic Republic of Ethiopia, the state of Palestine, the Saharan Democratic Arab Republic, the Republic of Uganda, acting president of the OAU, the Republic of Yemen, Republic of Zambia, the secretary general of the OAU, and the International Red Cross, among others, participated in these diplomatic efforts.

This Cuban Foreign Ministry note issued in our capital today ends with a deep expression of gratitude to all the presidents for their work and efforts to make this happy ending possible.

Raul Castro Begins Touring Las Tunas Province

FL0208185790 Havana Tele Rebelde Network in Spanish 1700 GMT 2 Aug 90

[Text] Army General Raul Castro Ruz, Communist Party of Cuba [PCC] second secretary and Revolutionary Armed Forces [FAR] minister, has begun a tour of Las Tunas Province.

Raul Castro's first stop was at an Eastern Army advanced military unit. The minister asked the unit commander about living conditions, the troops' political education and combat training, the control and care of the equipment assigned to them, and the troops' fighting spirit.

The vice president of the Councils of State and Ministers, accompanied by Alfredo Jordan Morales, first secretary of the PCC in Las Tunas, then visited a food processing center in the industrial area of the Majibacoa municipality to see the quality of the center's produce.

In Majibacoa, Army General Raul Castro visited the Julito Dias Agriculture Cooperative, an animal food factory, and the cooperative's food concern. Raul was also accompanied by PCC Politburo members Jose

Ramon Machado Ventura and Vilma Espin, PCC Politburo alternate member Julian Rizo Alvarez, and Division General Ramon Espinosa Martin, Central Committee member and chief of the Eastern Army.

More on Tour

FL0308014990 Havana Television Service in Spanish 0000 GMT 3 Aug 90

[Excerpts] Army General Raul Castro Ruz, second secretary of the Communist Party of Cuba and minister of the Revolutionary Armed Forces, has toured Las Tunas Province. [passage omitted].

[Begin Raul Castro recording] The most impressive thing I have seen here is the work spirit and the direction that we are taking. This was noted at the exposition of spare parts with the recovery, innovations, and inventions we saw here in the Industrial Automation Center exposition in the province. We could see what can be achieved already with what used to be thrown away. All this shows, as Comrade Fidel has told us, that during the difficult circumstances we are going through, which can even get worse, we will not only be able to survive but go forward if we continue with this spirit.

Therefore, we need not complain about the lean years. This develops creativity, combativeness, the desire to find solutions to problems. The most important thing now is that the masses have made these ideas their own. As Marx said: When the masses make an idea their own they turn it into a material force. This is what we are seeing. I am seeing it here and I hope to find it in the rest of the province. I have seen it in the four other provinces in the tour I made through the rest of the former Eastern Province during the first half of July. [end recording] [passage omitted]

Escalona Meets With Peruvian President Fujimori

FL0208112790 Havana Tele Rebelde Network in Spanish 1100 GMT 2 Aug 90

[Text] The Cuban delegation headed by Juan Escalona Reguera, president of the National Assembly of the People's Government, was received in Lima by Peruvian President Alberto Fujimori in a meeting that was held in a friendly atmosphere. During the meeting, the participants exchanged cordial greetings.

President Fujimori appraised, among other things, Cuban cooperation and he briefed the visitors on the economic and social plans that will be implemented in his country during his term as president of the brother South American nation.

Colombia Praises Havana Sports Assistance

FL0208131590 Havana Tele Rebelde Network in Spanish 1252 GMT 2 Aug 90

[Tex] Oscar Asuero Ruiz, president of the Youth and Sports Institute of Colombia, described Cuba's assistance to his country in the area of sports as fair and important. In remarks to the press in Bogota, Asuero Ruiz stressed that Cuban cooperation has been higher than that received from countries with greater possibilities. He said that the Caribbean island had as many as 10 trainers in Colombia. Currently, he added, Cuba has two trainers in his country, one in boxing and the other in baseball.

The Colombian leader described the results of the Cuban technicians work as highly positive in the training of athletes, as well as in the training of professors. Asuero Ruiz said that Cuba's contribution is real assistance because the monetary demands of other countries, some of them developed, prevented Colombia from counting on assistance from their specialists.

DPRK's Kim Il-song Awards PCC Official

FL0308121190 Havana Tele Rebelde Network in Spanish 1100 GMT 3 Aug 90

[Text] The DPRK Friendship Order, First Class, today was conferred by President Kim Il-song upon Jesus Montane Oropesa, member of the Central Committee of the Communist Party of Cuba [PCC], who is visiting that brother country. Montane expressed his appreciation for the award, saying that it demonstrates how highly the Korean comrades value relations with our country.

Correction to Castro Moncada Anniversary Speech

PA3107121790

The following correction pertains to the item headlined "Castro Gives Moncada Anniversary Speech," published in the 27 July Latin America DAILY REPORT, beginning on page 1:

Page 3, column one, paragraph two, sentence two, make read: ...the country produced 8.04 million tons of... (correcting figure)

Same page, column one, paragraph two, last sentence make read: ...of our crops, such as potatoes, tomatoes, onions, and other crops. Nevertheless, in May... (supplying missing words)

Page 4, column one, first full paragraph, only sentence, make read: ...plans to build next year approximately 240 dairies... (supplying missing words)

Page 7, column one, paragraph four, sentence four, make read: ...morning when Mr. Bush has breakfast, he... (correcting name and deleting editorial notation)

Page 8, column one, paragraph five, last sentence, make read: ...we have again bad communism and bad socialism.

The State Department... (rephrasing for clarity)

Page 9, column one, first paragraph, sentence two, make read: ...to the lumpen, misfits, borderline cases, and... (supplying missing word)

Same page, column one, paragraph four, sentene two, make read: ...After an investigation to clear up the facts, they will be... (supplying missing words)

Same page, column one, paragraph seven, sentence two, make read: ...the mental patient. The U.S. Government protested that the guards outside the U.S. Interests Section did not allow him to enter by force.

On that same... (rephrasing for clarity)

Same page, column two, third full paragraph, sentence three make read: ...testimonies given by SINA [U.S. Interests Section] members. This happened... (correcting name and supplying editorial notation)

Page 13, column two, paragraph five, sentence five, make read: ...will have to investigate where the machete came from because it might... (rewording for clarity)

Inter-Caribbean Affairs

Committee Set Up for Trinidad-Tobago Relief Aid

FL0208225490 Bridgetown CANA in English 2150 GMT 2 Aug 90

[Text] Bridgetown, Barbados, Aug 2, CANA—A committee has been set up in Barbados to coordinate the dispatch of food and medical supplies to Trinidad and Tobago in the wake of a failed five-day coup attempt that triggered widespread looting, the Trinidadian High Commission here said on Thursday.

Laila Valere, the twin island republic's high commissioner to Barbados, said the eight-member committee will work in conjunction with officers of the Regional Security System (RSS), a defence cooperation arrangement involving Barbados and member countries of the Organisation of Eastern Caribbean States (OECS).

"The most critical need at this stage is for food and medical supplies to replace the stocks which were depleted as a result of those unfortunate incidents of loooting," said Valere. She said the Trinidad and Tobago High Commission in Barbados had been given the responsibility to coordinate relief efforts in the Caribbean and the difficult task of reconstruction had already started.

Members of the coordinating committee are: Colonel Deighton Maynard (RSS), Commander David Widgery (RSS), Captain Winston Martindale (Barbados Defence Force), Reverend Allan Kirton (Caribbean Conference of Churches), David Edwards (Barbados Rotary Clubs), Ainsley Sahai (Caribbean Publishing and Broadcasting Association), Michael Valere and James Habib (Trinidad High Commission).

Caricom To Introduce Common Tariff by 1 January

FL0308115790 Bonaire Trans World Radio in English 1130 GMT 3 Aug 90

[Text) In other news from the Caribbean Community [Caricom] summit, Jamaican Foreign Minister David Coore says Caricom leaders have agreed to introduce a common tariff by January 1st. He said there will be exceptions made for some nations but that the measures will be in force for all Caricom members by 1993.

Haiti

Nationale Reports on Manigat Barring Incident

FL0208132490 Port-au-Prince Radio Nationale in Creole 1300 GMT 1 Aug 90

[Excerpts] [Passage omitted] The government decided to forbid, for reasons of state, former Haitian President Leslie Francois Manigat's return to Haiti [yesterday]. [passage omitted]

All agencies concerned were given explicit instructions to take proper steps to apply this measure—according to the confidential note that was disseminated by the entire press yesterday, 31 July 1990. [sentence as heard] [passage omitted]

There were many policemen on alert yesterday inside Mais Gate International Airport in Port-au-Prince, following this memorandum from the Ministry of Interior forbidding the return of the president to the country. No journalists were allowed access to the airport. [passage omitted]

The information minister explained why the Interior Ministry forbade former president Manigat to return to Haiti. Here is Information Minister Carlo Desinor's statements regarding this matter

[Begin recording] [Desinor] [passage omitted] That is why the government contacted the Assembly of Progressive National Democrats [RDNP] and, through the RDNP, Manigat, to inform them that, given the current situation of political confusion—confusion created, above all, by the recently circulating thesis that Manigat is the constitutional president because he never resigned—and taking into account especially all the problems that the circulation of such a thesis and a lack of definition in connection with Manigat's return to Haiti would cause.... [changes thought] The provisional government expressly informed them that former President Manigat would be allowed back into Haiti under certain conditions and that a certain amount of clarification was required. In other words, former president Manigat would have to clarify his situation, and state clearly in what capacity he would be returning to Haiti.

Contacts were established, and up to 2300 last night, Manigat still refused to make any public statement saying in what capacity he would be returning to Haiti. [passage omitted]

[Reporter] Many people think the government is being rather hard on Manigat, while it has not made all these demands of many people whose presence is considered harmful. Dr. Roger Lafontant, for example. What do you think of this, Mr. Minister?

[Desinor] Well, I think that this is.... how can I put it? The government is like a dog that has been scalded. A dog that has been scalded with hot water fears cold water. You can see all the problems that these presences to which you are referring are causing in the country, right? Well, the provisional government has learned a first lesson from this. And I think that it is a government's responsibility to, while trying to manage the dossiers present, avoid having still other dossiers come in. [passage omitted]

The provisional government cannot accept Manigat's returning to Haiti not only with a title but with pretensions of chief of state; and I think it is completely clear that there is only one president in this country: Ertha Pascal Trouillot. [end recording] [passage omitted]

Modelh/PRDH Contests Validity of Electoral Law

FL0208134090 Port-au-Prince Radio Nationale in Creole 1300 GMT 31 Jul 90

[Text] In a letter addressed to provisional President Ertha Pascal Trouillot dated 27 July 1990, the Democratic Movement for the Liberation of Haiti/Democratic Revolutionary Party of Haiti [Modelh/PRDH] makes a number of considerations on the electoral law published recently in the nation's official gazette LE MONITEUR. Modelh/PRDH feels the text of this law-decree should have been approved by the State Council, as per the 4 March 1990 protocol agreement. Modelh/PRDH thinks that to issue the decree in that manner would bar the way to all those who might try to claim that the executory mandate of the provisional president is unwonted and not in keeping with the dispositions of the Constitution of 1987 and that because the electoral law is a Provisional Electoral Council [CEP] text, it has no legal force.

While awaiting the installation of a proper government, a government elected normally and democratically, all provisional President Trouillot can do is issue decrees and law-decrees, explains Modelh/PRDH.

After making a number of other considerations, Modelh/PRDH says that a document as important as the electoral law cannot (?be judged) by a single group of citizens, most of whom have no competency or experience in such matters. [Words indistinct] people's doubting their good faith.

Modelh/PRDH therefore asks that the text of the electoral law be reexamined in the light of observations made by political parties or other interested groups or sectors, so that it can, after modification, be presented to the executive to become the object of a decree, as required by the Constitution.

This was a press release from Modelh/PRDH regarding the electoral law, which Modelh/PRDH says the State Council has not approved.

State Council, Ministers Reach Two Agreements

FL0208153690 Port-au-Prince Radio Nationale in Creole 1300 GMT 31 Jul 90

[Text] It seems the Council of State and the Ministers Commission, which was given a mandate by Haiti's provisional President Ertha Pascal Trouillot, have managed to reach two agreements within the framework of the dialogue established between these two government branches by the Provisional Electoral Council [CEP]. That is what a source close to the State Council reports. This information was released by the Haitian Press Agency, AHP.

According to this source, the first agreement aims to put an end to the matter of having an interim finance minister—a situation that has existed since 28 June with the installation of engineer Jean-Pierre Moise Pierre-Louis, who is minister of public works as well as interim finance minister. Thus, this agreement is aimed at putting an end to this interim business.

The second agreement concerns the decree-laws published without the State Council's knowledge. A proper solution will be sought to review, separately, each of these decrees, according to this same news report. [sentence as heard]

The next meeting will address the 21 June 1990 attack [on the State Council] at Foyer Solidarite [formerly Pension Santos] as well as the Lafontant/Regala affair.

The State Council and the Ministers Commission, which has decision-making powers, began their work sessions last Friday, 27 July, after a meeting held the day before between a State Council delegation and Haiti's provisional president in the presence of three members of the CEP.

This has been a release by the AHP, Haitian Press Agency.

General Abraham Opens Seminar for Section Chiefs

FL0208170690 Port-au-Prince Radio Metropole in French 1600 GMT 1 Aug 90

[Italicized passages are in Creole]

[Excerpts] The Army High Command is preparing for elections. A seminar began yesterday for the rural policemen, also known as section chiefs, to instill in them the notion of neutrality during the coming elections. Army Commander in Chief General Herard Abraham opened this seminar.

[Begin Abraham recording] *This seminar we are holding today is to permit all section chiefs to know exactly what direction the Army wishes to take. You have heard that now there is talk of democracy and respect for human*

rights. We, however, do not want this idea to remain only in Port-au-Prince, or in the large towns. We want you, who are responsible for the police function in all the rural sections, to know what that means.

Experience counts for a lot; but the knowledge they are going to give you here is going to help you to do your jobs better.

Still in connection with this mission of providing security, you have heard—you know—that elections are being prepared. There is an electoral process going on. In this electoral process, however, they are asking....[rephrases] we of the Army are asking that all members of the Army remain neutral. That means that if a candidate comes to hold a meeting [preceding word in English], it is your job [preceding word in English] to provide security for him, even if you designate agents who are subordinate to you to do it. If a candidate shows up today, and a different candidate shows up tomorrow, you are to provide the same security for both.

Only by so doing will you be able to show that.... [changes thought] You, as members of the Army, who represent the grassroots, it is upon you that 80 percent of the population depends to assure their security.

We want to effect reform. There is talk of reforming the nation's institutions. Reform, however, is not a simple matter of taking a few guys and booting them out and recruiting some more. It is the very structure that must change. It is the mentality that must change. It is the Army's orientation that must change.

And we can say that we are proud that it is the Army that has begun this process of reform because it feels it must adapt itself to the democratic process that is developing in Haiti. [end recording]

Both members of the Armed Forces and prominent civilian figures are teaching these courses for free—courses for the members of the Armed Forces that began at the end of May under the direction of Colonel [Henry] Robert Marc-Charles, who expresses an opinion similiar to that of the Army's commander in chief. [passage omitted]

Constitutional Watchdog Committee Issues Statement

FL0208173790 Port-au-Prince Radio Nationale in Creole 1300 GMT 1 Aug 90

[Excerpts] In a document dated 24 July 1990 that was distributed to the press yesterday [31 July], the Unity Committee for the Respect of the Constitution draws up a negative balance sheet of the nation's political situation from March 1990 to the present. This means Haiti's provisional government has not fixed a thing from the time it came to power in March until the present. The problems remain the same; the juncture has not changed. Nothing has changed, says the Unity Committee, which feels the government should have set up a rule of law in Haiti.

On the national political scene, there are two groups of forces standing face to face: one which is in favor of change in the country and one which is not. The Unity Committee adds that no agreement is possible between these two groups.

The Committee says the solutions that have been presented to the population have not allowed Haiti to arrive at a rule of law. The military have been effecting coup after coup from 1986 to 1988, without ever having managed to put a successful end to the transition.

The Committee adds that there are currently some [not further identified] pushing to see if they can effect still another coup d'etat in Haiti, [words indistinct] this would have unfortunate, serious, consequences for Haiti.

The Unity Committee thinks the current climate in Haiti is not propitious to the holding of elections. The Committee says if elections were to be held, they would result in another 29 November 1987, with as a consequence another military coup d'etat and a strengthened dictatorship; or another 17 January 1988, where we would have a government that is not legitimate.

The Unity Committee says Mrs. Ertha Pascal Trouillot's government has not even begun to answer the social and political demands of the population regarding justice, security, the struggle against the high cost of living, and administrative reforms. [passage omitted]

The Unity Committee calls for unity among all the forces that desire progress, so as to build a new Haiti. It calls for all forces throughout Haiti that desire change to mobilize to satisfy the demands of the Haitian people. The people demand that elections be held normally with a good amount of participation.

This document bears the seal of the Unity Committee for the Respect of the Constitution of 1987.

State Council President Reviews Duvalier Years

FL0208170090 Port-au-Prince LE NOUVELLISTE in French No 33.860, 30 Jul 90, pp 1, 12

[Article by Dr. Louis Roy: "Duvalierism and Us"—all quotation marks as published]

[Text] The first sentence [as published] in my "Notebooks," written between 1962 and 1970, reads as follows: "In 1957, Duvalier claimed to be laying the foundations for a national reconciliation and for an eagerly-awaited renaissance. In fact, he sowed the hatred within which no constructing is possible. If Duvalier's government had been a success, that would have been unfortunate for those who were combating that government but fortunate for the nation, and future generations would have been grateful to him for it. Unfortunately, Duvalier, his doctrine, and his strategy failed."

Class hatred, violence, arbitrariness, and corruption all, in turn, marked the 14 years of Francois Duvalier, termed a "political revolution." The next 14 years,

labeled an "economic revolution" turned out to be systematic plundering and a true institutional failure, due to that very arbitrariness and corruption erected into a system of government.

The population's practically unanimous censure revealed itself spontaneously, in a noisy and disorderly but unequivocal way, on 7 February 1986, after being kept muzzled for the past 28 years.

The acts of anti-Macoute vengence, the "uprootings," and the street demonstrations bore turbulent testimony to this. The protests against the failure to effect the greatly desired de-Duvalierization; the "uproot-your-cassava-plants" movement of July 1986, the violent demands that certain pro-Duvalier people within the National Government Council step down, and the impressive demonstration against the PREN [Assembly for National Accord, a Duvalierist party greatly protested, which auto-dissolved in November of 1986] all bear ineluctable testimony to this.

The massive ratification given the Constitution on 29 March 1987, to a great extent due to Article 291, which shunted aside the barons of Duvalierism for a while—all this is proof that, the Haitian people felt an end had to be put to "Macoutism," which, for everyone, represented the violent expression of Duvalierism.

Nevertheless, regardless of what anyone might think of this, there has never been, in Haiti [chez nous], any dogmatic [primaire], morbid, absolute anti-Duvalierism. My "Notebooks" prove this: ..."What to do with those who allowed themselves to be seduced? ...Since it is acknowledged that responsibility belongs, jointly, to all the nation's intellectual elite, which contributed to this state of affairs by its action, its complicity, and its neutrality [abstention], and that the Duvalier government is only just a logical consequence of all the compromises made regarding principles [compromissions] in the past, the time has thus come to once again take inventory of the forces available." "...Start over from scratch... but it must be understood that no longer will any weakness, any compromise with immorality against good citizenship and patriotism be tolerated...."

In 1957, even though I myself was not a Duvalierist (I was not any kind of "-ist," because of my neutral position as president of the Haitian Red Cross), I had friends who, having believed in Francois Duvalier, helped him, supported his presidential campaign, and collaborated with him after he was elected.

Whereas I was in exile, they remained here. Certain of them fell victim to "Macoutism;" others, drawn into the general terror, held their tongues, out of fear, or out of weakness, or out of self-interest, or out of necessity—for under Duvalier, one had to be a Duvalierist or die of hunger along with his family. One had to be a Duvalierist in order to eat, or work, or get into the university, or to graduate from it.

One by one these friends broke away from Duvalierism, as they realized they had taken the wrong path.

Little by little, those who had been able to—or obliged to—leave the country forgot themselves and began to consider and label "Macoutes" all those who remained behind, regardless of what their true feelings were and regardless of why they had chosen to remain in Haiti.

Thus, a rift arose between the diaspora and those who remained in Haiti, rendering difficult the national reconciliation advocated first by Jean-Claude Duvalier and then by Namphy, by Avril, and today Mrs. Trouillot—not because reconciliation is not possible but because it entails prior conditions that must, absolutely, be met.

Yes, we do have a grudge against certain Duvalierists: those guilty of violence, of crimes, of systematically plundering the public coffers. But we do not bear all of them ill-will, for we are convinced that most of them merely drifted along with the tide of the great silent majority, which held its tongue and waited hopefully.

It is, however, to be deplored that never have those on whom heavy suspicions weigh, those who can be reproached for such an excess of zeal, those responsible for crimes and thefts, ever uttered a single word of regret. Never have they uttered a word rejecting all that happened during those 28 years of state terrorism and of pillaging of the public coffers.

The Duvalierists have never appeared to regret what happened. What's more, they brag about it, and aspire to take back the power they lost—or presumably lost—on 7 February 1986. They are demanding it at any price; they want to take it back by any means, be such means licit or illicit.

...And what if it were to make us once again live under the same regime, the same system, that led us to the edge of the abyss from 1957 to 1986! National reconciliation has already been partially achieved [preceding seven words underlined], by accepting into the camp in opposition to the Duvalier Dynasty all the Duvalierists who acknowledged the excessiveness of the system. Thus, having begun, the national reconciliation was pursued, by opening the doors to candidates who were former Duvalierists. These candidates, like many other citizens, plunged into the electoral campaign.

[Text] Those with whom reconciliation has not taken place are those who have not desired reconciliation. Refused by Article 291, they plunged headfirst into threats and violence. Certain of them violently blamed the Constitution. They have never believed, and still do not believe, in democracy, multi-party systems, and in the electoral process. They perpetrated 29 November.

And they have repeated the offense since. They have continued to exclude themselves from the democratic camp. The violence they began has not stopped. It has continued with a vengeance, taking on all kinds of forms and exploiting all opportunities.

They have made of the civil servants—to whom they implied a witch hunt had begun, that their means of livelihood was threatened by people seeking revenge—saboteurs, obstructors [obstructeurs], people who slow down work, thereby trammeling all chances of stability for the country. They want power and they want it at any price!

"National reconciliation" yes, but under precise conditions, conditions involving justice, respect for the law and for human rights—in a word, the Constitution of 1987.

The population wants a revival, a radical change of system that will permit the country to recover. They are demanding a return to the law and to justice, that justice without which one can neither forget nor reconcile.

The population says **no** to violence, **no** to terrorism, **no** to plundering, **yes** to justice, **yes** to the law, and **yes** to morality. Without this minimum, the population takes justice into its own hands, and that sometimes takes on an aspect of blind and destructive vengence.

The population is demanding justice so that trust in the men and institutions that govern the country can be reborn, and so that peace can return to the streets, to the countryside, and to people's hearts.

Please, gentlemen, a bit of decency, a bit of good faith, a bit of realism! That would be only fair.

That is the price of your future.

For the good of both you yourselves and the entire country.

Dr. Louis Roy

Jamaica

Heavy Gunfire, Violence 'Possibly' Political

FL0208191290 Bridgetown CANA in English 1829 GMT 2 Aug 90

[Text] Kingston, Jamaica, Aug 2, CANA—Sections of West Kingston came under heavy gunfire again on Thursday as tensions between rival factions in the area escalated. Witnesses said the violence also appears to be taking on political overtones.

Residents mounted roadblocks for the second straight day in an attempt to keep out attackers. Vendors coming in from the rural areas to sell at the Coronation Market were forced to appeal to the police for protection to go into the area. By mid-day, they were forced to flee the market as the gunmen took over the building.

The shooting from gunmen perched atop derelict buildings near the market continued even though there was a strong detachment of police on the adjoining street.

Residents of Matthews Lane, a stronghold of the ruling People's National Party, blamed the upsurge in violence in the area on residents of neighbouring Tivoli Gardens, a Jamaica Labour Party (JLP) stronghold. They called on the police and soldiers to protect them. Some businesses in the western end of the city remained closed for the second day because of the tense situation.

Security was also beefed up at the Jamaica Conference Center where the annual summit of Caricom leaders was ending Thursday. Members of the security forces could be seen with high powered weapons patrolling the precincts of the building and cars were barred from parking in the vicinity of the center.

Trinidad and Tobago

Port of Spain Closed Down After Rebels Surrender

FL0208115790 Bonaire Trans World Radio in English 1130 GMT 2 Aug 90

[Text] The crisis on the island nation of Trinidad and Tobago ended yesterday when rebels released all of their hostages and surrendered unconditionally. The failed coup attempt began Friday when the rebels stormed Parliament house. The uprising reportedly left at least 300 people dead, including Parliament member Leo Des Vignes. He died of gunshot wounds when the rebels stormed Parliament. But the trouble in Trinidad is not entirely over. Because of the uncertainty of the situation, the town of Port of Spain is virtually closed down and people have taken to the streets. Ken Raganoth, one of our contacts in Port of Spain, tells of looting and shortages.

[Begin Raganoth recording] There are long lines at all the gas stations and some of them are already closed up and afraid to open for one reason or the other. All of the small shops in Port of Spain have been looted with hardly an exception. They have averaged that to be over $200 million. [end recording]

Ken Raganoth in Trinidad.

Meanwhile, thousands of tourists and business executives trying to leave Trinidad and Tobago have jammed the country's Piarco International Airport. About 3,000 people lined up in the terminal of BWIA [British West Indies Airways] trying to get boarding passes or spots on standby lists. Inbound flights have been mostly made up of journalists.

Spokesman Says Rebel Confidence 'Whittled Away'

FL0208180890 Bridgetown CANA in English 1728 GMT 2 Aug 90

[Text] Port of Spain, Trinidad, Aug 02, CANA—Trinidad and Tobago officials on Thursday put the death toll from a failed coup attempt here at 30 and said the 100-odd Muslims taken into custody would face charges of treason, murder, and kidnapping.

Army spokesman Dave Williams said no soldiers were among the dead, but he was unable to give a breakdown

of the casualty figures. He said about 150 people had been injured, including looters who went on the rampage as police turned their attention to the crisis.

Seven bodies were found on the compound of the Red House (Parliament building), where armed rebels of the Jamaat al Muslimeen held Prime Minister A.N.R. Robinson and several members of his Cabinet hostage since Friday, before surrendering Wednesday.

Experts were on Thursday checking for explosives or other booby traps on the two hostage sites—the Red House and the state TV station, where staff had been held by the Muslimeen during the five-day seige. On Thursday morning, residents in the immediate vicinity of Trinidad and Tobago Television (TTT) were evacuated as bomb experts combed the area.

Police toured the shell of their burnt out headquarters Thursday lunchtime to check for possible casualties. The Jamaat al Muslimeen had car bombed the police headquarters as a diversion before storming the Parliament building across the road and holding everyone there captive.

Government spokesman Dr. Gregory Shaw told reporters Thursday that the Muslimeen had given in after negotiators had "whittled away" their confidence. Shaw acknowledged that during the five-day ordeal a document had been signed by the government agreeing to certain rebel demands, including the installation of a new interim government. He said Robinson had signed "under duress" and that the documentation was "completely invalid."

Shaw then went on to relate how combined Army and government forces had demoralised the Muslimeen by cutting off their communication, backtracking on promises made to them, and stalling, as the pungent stench of the decaying bodies in the Red House building got to the captors.

"They caved in," he said.

"There was a strategy in place. You had to promise them credible things.... There had to be a strategy to make them believe," declared Shaw, [the] government's chief information officer.

Reporter Assesses Aftermath of Coup Attempt

PA0208183390 Caracas Venezolana de Television Canal 8 in Spanish 1600 GMT 2 Aug 90

[Telephone report by Juan Sara Serrano from Port of Spain—live]

[Text] [Sara] Good afternoon friendly viewers. The situation of the Muslim rebels who threatened the Trinidadian and Tobagan Government since Friday 27 July until late afternoon yesterday, 1 August, is the following: A military trial is not in order because these rebels are not soldiers. The Trinidadian and Tobagan authorities are clear on this. These people will stand trial before a regular, criminal court, which will rule on the crime for attempted coup.

[Announcer] Juan, what kind of sentence could be pronounced in this case? What does the Trinidadian and Tobagan law establish for this type of crime?

[Sara] A few minutes ago, Government Spokesman Gregory Shew said that the rebels will be accused of treason, murder, and abduction. The death penalty is legal in Trinidad and Tobago and the criminal code includes the sentence of death by hanging for people who commit murder. Official figures indicate that 30 people were killed and 150 were wounded during the crisis. Thus, it is not difficult to imagine that the rebels will be given a severe sentence. We suppose that the death penalty could be pronounced for the leaders of the movement and for those who are responsible for the 30 deaths.

[Announcer] Juan, we understood that these Muslims live in a certain neighborhood on the outskirts of Port of Spain. How are things in that neighborhood? Has there been perhaps any attacks on the relatives of the people who carried out the attempted coup?

[Sara] No, no, Noralva. What happened in that neighborhood is that many of the rebels' relatives decided to leave. When the security forces entered the neighborhood, they found many empty houses. This Muslim neighboord is located near the national television station. Most of the houses in that neighborhood were found empty. The police, however, did find weapons there. The whole neighborhood is currently controlled by the soldiers.

The authorities' main concerns right now are the food situation and the fuel supply at the various gas stations, where one can still see huge lines. Yesterday afternoon, some Venezuelan colleagues and myself toured the neighborhoods that are near the Red House, Independence Square, and Carlos and Jorge Streets. Everything is completely destroyed in those areas. They look as if they had been hit by bombs because there not only was looting, but the people burned down all the buildings there. Some of the buildings are completely destroyed. Although there are no official figures on property losses, the losses are estimated at millions of dollars. The downtown area is completely destroyed.

[Announcer] We are running out of time, Juan. We want to know whether the curfew has been lifted; whether the people are going back to work; and whether the country is returning to its normal activities?

[Sara] The curfew in Tobago has been reduced and it now runs from 1800 to 0600. It is expected that the curfew in Trinidad will also be reduced today from 1800 to 0600. The stores remain closed. There is no business activity. The people have not gone back to work yet. The banks are still closed and will remain closed until further notice. There is no official information as to when the country will go completely back to normal.

[Announcer] Thank you very much, Juan. I think we have given a broad panorama of the political, social, and economic situation in Trinidad and Tobago after yesterday's surrendering of the Muslim rebels who carried out an attempted coup d'etat againt Prime Minister Arthur Robinson's government. The rebels released all the hostages that they had held captive for six days in the Parliament building in Port of Spain.

Government Demands 'Immediate' Iraqi Withdrawal

PA0208225490 Mexico City NOTIMEX in Spanish 2053 GMT 2 Aug 90

[Text] Mexico City, 2 Aug (NOTIMEX)—The Mexican Government expressed its "concern" today over the conflict between Iraq and Kuwait, and urged both countries to settle their differences through dialogue.

In a communique issued by the Foreign Relations Secretariat, the Mexican Government demanded the "immediate withdrawal of the invading Iraqi troops" who since dawn today have occupied "the sovereign Kuwaiti state."

The communique says that "the Foreign Relations Secretariat, considering the serious dangers that events such as these pose for international peace and security, expressed the Mexican Government's concern" over the conflict.

At dawn on 2 August, Iraqi troops invaded Kuwaiti territory with heavy weapons, 24 hours after the talks that the two nations were holding in an effort to resolve territorial and oil overproduction disputes fell through.

Shortly after, the Iraqi Government radio station announced that the Kuwaiti Government had been toppled by "revolutionary forces," while the Kuwaiti Government "reserved the right to use every legitimate means to counteract the invasion."

Pemex Says No Increase To Meet U.S. Needs

PA0308002990 Madrid EFE in Spanish 2249 GMT 2 Aug 90

[Text] Mexico City, 2 Aug (EFE)—Technicians from the state-owned Mexican Petroleum (Pemex) enterprise and U.S. experts said today that Mexico will not increase its oil exports to the United States to compensate for reduced U.S. supplies from the Persian Gulf as a result of the Iraqi invasion of Kuwait.

The same sources stated that the $3 increase in the price of a barrel of crude, noted a few hours after the invasion, will promote increased foreign exchange for Mexico. The country will obtain some $500 million more at the end of the year for each dollar that the average price of a barrel of crude increases.

However, Pemex will not increase its production to meet the increased needs of the United States, which suspended imports from Iraq last night and which will not be able to receive oil from Kuwait as long as the invasion of that country continues.

The Mexican authorities had planned to export an average of 1.23 million barrels of crude a day, 57 percent of which are earmarked for the United States, 12 percent for Spain, another 12 percent for Japan, and smaller percentages for other countries.

In the past few months, Mexico has experienced some difficulty in exporting some of its total production of 2.5 million barrels of oil a day, because of an unexpected increase in domestic consumption and the country's low capacity for increasing oil extraction.

The average price of Mexico's oil exports declined from over $17 a barrel in January to a little less than $12 in June, and climbed back to $15.50 in late July.

Pemex President Francisco Rojas said on Wednesday, before the Iraqi invasion of Kuwait, that with the increase of almost $4 a barrel that occurred in July, and if those prices are maintained, revenues would be some $2 billion more than had been expected.

El Salvador

FMLN-FDR 'Murder Campaign' Condemned

PA0208205490 San Salvador EL DIARIO DE HOY in Spanish 1 Aug 90 p 3

[Text] General Adolfo Blandon, former chief of staff, has said in a communique that the FMLN-FDR [Farabundo Marti National Liberation Front-Revolutionary Democratic Front] murder campaign is designed to promote the failure of the negotiations and sponsor violent reactions on the part of the Army.

In his communique, the officer expressed "severe condemnation" and pointed out that the recent murders of Major Carlos Alfonso Figueroa and of Captain Ramon Aristides Reyes "are not isolated incidents but part of a provocation campaign against the Armed Forces."

Defense Ministry sources said that the communique was sent to Bernard Aronson, U.S. assistant secretary for inter-American affairs, to Dr. Mauricio Granillo, Salvadoran ambassador to the OAS in Washington, and to Dr. Ricardo Castaneda, Salvadoran representative to the United Nations in New York.

The official report adds that when the FMLN-FDR leaders take on responsibility for the series of crimes, what they are trying to do is provoke a hardening of the current stand of the military who are giving their full support to the peace process promoted by the government.

Gen. Blandon also calls attention to the fact that these actions are not isolated cases, because last year the FMLN terrorists started to place bombs in the houses of several officers, causing considerable damage and putting in danger the lives of many innocent persons.

Besides, Blandon says, the FMLN-FDR began to murder relatives of the Armed Forces' members, including an officer's mother, a colonel's 23-year-old daughter, and an FAS [Salvadoran Air Force] general's son-in-law.

So far, the FMLN-FDR has acted with total impunity, legally as well as politically, and this situation is undermining the peace process. The military officers stressed that it is time that the FMLN stop the wave of violence, which includes murders and destruction, all of which only affect the civilian population.

Reports on Recent Clashes With FMLN

PA0208231590 San Salvador Radio Cadena Sonora in Spanish 1730 GMT 1 Aug 90

[Statement issued by the Armed Forces Press Committee in San Salvador on 1 August]

[Text] Farabundo Marti National Liberation Front [FMLN] terrorists, using Claymore mines and rifles, killed two musicians belonging to the 6th Infantry Brigade's regimental band and two barbers in an ambush yesterday morning. They also inflicted gunshot wounds on four employees working for the same unit. The ambush took place while a convoy was passing by to take part in a combined civic-military activity in a canton within the Santiago de Maria Municipality, Usulutan Department. Killed were musicians Jose Dimas Ramirez and Ricardo Guzman Bernal and barbers Mario Isabel Orellana and Rene Isabel Jimenez. The wounded musicians are Victor Manuel Canales, Jose Neftali Martinez, and Matilde Garcia Garcia, plus a social worker identified as Gabriel Aguilar. The ambush took place near the Playitas Canton on the route to Los Pirineos Canton, where, despite the terrorist action, the combined civic-military activity was held. The activity benefited at least 600 peasant families by providing free food and medical and dental care. The National Commission for Reconstruction, the Medical Battalion, and the 6th Infantry Brigade took part in this activity that was valued by the local inhabitants. Regarding the terrorist ambush victims, it should be noted that all the personnel in the vehicle under attack were completely unarmed and were only carrying their musical instruments.

Elsewhere, San Vicente 5th Infantry Brigade troops killed three and wounded two FMLN terrorists during a clash yesterday morning near El Pulpito hill in Tecoluca Municipality, San Vicente Department. Two M-16 rifles and other weapons, including two booby traps, were confiscated after the clash took place.

Meanwhile, two terrorists were killed midday yesterday in clashes with Manuel Jose Arce Battalion troops in Nuevo Eden de San Juan Muncipality, San Miguel Department. Here soldiers confiscated four AR-15 rifles, seven knapsacks, and explosives.

Morazan Military Detachment No. 4 troops killed one and wounded three FMLN extremists during a battle that took place near Pena Blanca hill, Gualococti Municipality. One Soviet-made AK-47 rifle, several knapsacks, ammunition, and several blocks of TNT were confiscated.

In another report, according to General Order No. 7 issued on 31 July by the Ministry of Defense and Public Security, Colonel Jose Adan Turcios Valle is appointed La Libertad Department commander, filling a post that has remained vacant for several months. Lieutenant Colonel Jose Manuel Garcia Prieto has been appointed commander of the Jose Manuel Arce Rapid Deployment Infantry Battalion, based in the city of San Miguel, which also fills a vacant post.

Radio Rounds Up FMLN Actions During July

PA0308034090

[Editorial Report] (Clandestine) Radio Venceremos in Spanish to El Salvador at 0200 GMT on 2 August broadcasts a three-minute roundup of military activities by the Farabundo Marti National Liberation Front, FMLN, during the month of July. The actions involve attacks on Army troops, skirmishes, ambushes, and acts of sabotage against the electricity network.

The station opens the report by stating that 499 casualties were inflicted on the Army forces during various skirmishes throughout the month, and notes that "the most outstanding casualties were six officers, 10 noncommissioned officers, two radio operators, and an intelligence agent of the 4th Infantry Brigade's F-2."

Continuing with the report, Venceremos then notes that FMLN forces seized military equipment and supplies during these actions, listing them as follows: "12 pieces of equipment, 22 knapsacks, and other war materiel." It says that military equipment either damaged or destroyed includes the following: "six damaged helicopters, 11 trucks partially or totally destroyed, one tank partially destroyed, and an artillery piece partially destroyed." As far as sabotage is concerned, the station reports that "102 structures of the electricity network ranging from pylons to towers" were sabotaged.

The report continues by stating that "the most important actions include 15 ambushes during which 169 casualties were inflicted" on the Army. It adds that during July the FMLN carried out a maneuver called "Long Live Socialist Cuba" against troops of the Bracamonte Battalion, and notes that during this operation "the troops suffered 20 casualties and two helicopters were damaged." It then specifies that this action took place on 27 July.

Concluding the report, the station says that "other important actions were those carried out by urban commandos, who put two officers out of action and sabotaged at last 15 electricity pylons."

Guatemala

President Cerezo Condemns Invasion of Kuwait

PA0208185590 Panama City ACAN in Spanish 1823 GMT 2 Aug 90

[Text] Guatemala City, 2 Aug (ACAN-EFE)—Guatemalan President Vinicio Cerezo today condemned the Iraqi Army's invasion of Kuwait that has caused the death of some 200 Kuwaitis in the last few hours.

"We reject this military aggression by one country against another, regardless of the reasons," Cerezo told ACAN-EFE.

The Guatemalan president said that "our policy of active neutrality undoubtedly compels us to ask the international organizations to intervene and stop this armed aggression."

He emphasized that Guatemala will ask the UN Security Council to halt the Iraqi troops' attacks against Kuwait.

Government Authorities Receive 'Death Threats'

PA0208215290 Guatemala City PRENSA LIBRE in Spanish 1 Aug 90 p 17

[Text] Parliamentary senior member Jose Garcia Bauer reported last night he has received death threats by phone and that, according to what he has been told, there are eight deputies and former constituent members who are on a hit list to be murdered soon.

The legislator added that, unfortunately, the death threats have been received by his family, and the anonymous callers have told them: "Out of consideration for Garcia Bauer, we are giving him 48 hours to get out of the country."

Garcia Bauer said that other deputies have been threatened previously, such as Carlos Gonzalez Quezada and Hector Luna Trocoll, as well as others, due to their stance in parliament.

The last murder of a deputy occurred last week when Jalapa Deputy Otto Rolando Ruano was murdered at La Conora Hill.

Referring to the crimes committed against deputies, the parliamentary senior member pointed out that Cesar Obregon, his running mate for Antigua, Guatemala, was murdered as he was entering his home in the colonial city.

Garcia Bauer recalls that during his parliamentary career more than one dozen deputies have been murdered.

He insisted he would not ask for protection from the security forces, because, as the recent murder in London of the English parliamentarian shows us, it is a fact of life that his bodyguards could do nothing to avoid his tragic death.

Garcia Bauer said that he has received death threats throughout his career in parliament, but as always he has put his trust only in God and has never used weapons or resorted to the use of bodyguards. To this he added: "I believe that God gave me life, and he shall decide if he will allow me to be harmed."

Nicaragua

Godoy Says Chamorro Has 'Joint Government'

PA0208160490 Panama City ACAN in Spanish 1525 GMT 1 Aug 90

[Text] Managua, 1 Aug (ACAN - EFE)—Nicaraguan Vice President Virgilio Godoy said today that President Violeta Chamorro governs Nicaragua, but "with a large dose of Sandinist heritage."

In an interview with ACAN-EFE and only two days before Chamorro completes her 100th day in office, Godoy talked about the government's economic "faults" and also about the advances "that please us and make us proud."

Since Chamorro assumed the presidency after a decade of Sandinist regime, Chamorro has faced two state employees strikes, internal problems within her political coalition, and the contras' refusal to disarm and demobilize within the period that was agreed upon. The contras' demobilization was only possible on 27 June.

Vice President Godoy, who still lacks a formal office, also pointed out the "government leaders' lack of clarity and determination," because while the Chamorro administration makes "huge efforts to hold the hands of the Sandinists, the latter holds the hands of Chamorro's government, pulls it down, and forces it to go down on its knees."

Godoy said that during these 100 days, the Sandinists have resorted to strikes, riots, and disturbances while the Army, headed by General Humberto Ortega, and the police, headed by Sandinist Commander Rene Vivas, "fold their arms before the rioters."

The most recent public employees' strike, which lasted over two weeks and was led by Sandinist labor leaders, resulted in six people killed, 50 injured, and significant property damage after supporters of and opponents to the strike participated in armed confrontations.

Godoy added that in this country there is a "strange polarization," because on the one hand the government refuses to receive assistance from UNO (National Opposition Union), which supported Chamorro's candidacy, and on the other hand, UNO groups are constantly "pressuring" the government to accept the assistance.

The Liberal Party politician also said that "UNO leaders are being persecuted by a repressive force controlled by the Sandinists."

Godoy denied that he is creating opposition to Chamorro's government and explained that those who are opposing the government are Antonio Lacayo, presidency minister and "strongman of the cabinet," and National Assembly Secretary Alfredo Cesar.

Virgilio Godoy said: "This government has created a commission that studies the government payrolls and scratches out everyone who looks like a UNO member."

According to the Nicaraguan Vice President, these "characters" are against the commitments that UNO acquired with the Nicaraguan people during the election campaign.

Godoy stated: "Nobody said anything about a joint government with the Sandinists; about Gen. Ortega remaining in the Army; or about any (previous regime) ministers continuing in their posts."

The Nicaraguan Vice President stressed that only approximately half a dozen Sandinist managers of the 400 state enterprises have been replaced.

Godoy insisted that "the people who attend the demonstrations of support for Commander Daniel Ortega and those other events all come from the 400 state enterprises, because there is an agreement among Lacayo, Cesar, and the Sandinists."

In an interview granted to the state-owned television station a few days ago, Chamorro confirmed that she "would only sign a pact with God, but not with the Sandinists."

As for a reconciliation between the current Nicaraguan leaders and the Sandinists, Godoy said that "there have been thoughts" about such a reconciliation, but he explained that in the same way that violence lasted for a long time in Nicaragua, reconciliation, "which should not be confused with a joint government," will also take a long time to happen.

Regarding Chamorro's achievements, Godoy mentioned the end of the conscription of youths, the disarmament of the Nicaraguan Resistance, and the end of the press censorship in Nicaragua.

As for Chamorro's "great faults," Godoy said that the government has failed to lower inflation and to increase production. He added that the government has failed to regain the people's trust in order for the Nicaraguans to invest whatever few resources they have to revitalize the economy.

Godoy also stressed that since there is no internal stability, he thinks that the "euphoria" the international community had about helping Nicaragua "has cooled off."

Vice President Godoy Comments on Economic Aid

PA0208191390 Mexico City NOTIMEX in Spanish 1921 GMT 1 Aug 90

[Text] Managua, 1 Aug (NOTIMEX) — Nicaraguan Vice President Virgilio Godoy today said that the Nicaraguan Government has accomplished "no economic progress" and "continues strangled," due to the lack of international aid.

"The situation is as critical as it was on 25 April. Somehow, the interest in helping Nicaragua from abroad has subsided," Godoy told foreign correspondents accredited in Managua.

Godoy added: "The government continues to be strangled because of the lack of suitable resources to face the disaster it inherited from the Sandinist National Liberation Front [FSLN] administration."

The U.S. Congress approved a $300-million aid package for Nicaragua, and during the donors conference held in Italy in June, the Nicaraguan Government received promises of $125 million in aid.

However, the government of President Violeta Chamorro has only received $60 million from the United States, about 100 days after she reached power.

"Those who have already approved the aid are not doing their utmost to deliver the funds that have already been approved," Godoy said.

"This means the government has been unable to take the first steps toward the country's economic recovery and is still struggling to get back on its feet," he said.

The vice president said the achievements made during the first months of government include the abolition of the compulsory military service, the disarmament of the contras, and the climate of freedom of expression that prevails in the country.

Godoy has been excluded from the government's decisionmaking process, and he has openly criticized government officials, including Presidency Minister Antonio Lacayo, for their alleged friendship with leaders of the FSLN, now in the opposition.

Lacayo, son-in-law of the president and considered "the brain" of the government, recently accused Godoy of having "self-excluded" himself from the government activities because of his extremist positions.

"I am part of the government even though Mr. Lacayo may not like it, because I was elected to occupy a post and he was only appointed there. No one can remove me," Godoy said.

He said that Chamorro and her Cabinet "are trying to carry out their mission independently from the country's political, economic, and social organizations as if it were something that had nothing to do with the members of society."

This may have been caused "by the desire to be totally independent in regard to the different forces in the country, but it is impossible to keep this up for much longer," Godoy said.

Godoy, who was labor minister during the first five months of the Sandinist government, supported the convocation of a national dialogue suggested by Chamorro so as to reach an agreement among businessmen, workers, and the government.

He pointed out that the parties involved in the national dialogue must abandon their positions of force so as to "establish rules that can be accepted by all" in the search for the country's stability.

During a general strike organized by the National Workers Front last July, the vice president criticized the government for its lack of commitment to confront the "criminal and antidemocratic activities" of the Sandinists.

"Making a concerted effort does not mean turning over half of the government. A concerted effort is not blackmail. Agreements cannot be reached with people who are lifting barricades, shooting in the streets, and blowing up radio stations with explosives," Godoy said.

First Sandinist Congress Debates Discussed

PA0308010590 Managua BARRICADA in Spanish 31 Jul 90 p 3

[Article by Monica Zalaquett: "First, Democracy in our Ranks"]

[Text] It is interesting to note that of the topics debated at the first FSLN [Sandinist National Liberation Front] congress, the topic of the National Directorate was the first to arouse controversy. Does this mean that the future of the FSLN depends on the possible ratification, substitution, increase, or decrease of its members?

We do not believe this. We also do not believe that the future of the revolution depends primarily on the FSLN's program, as was recently stated in a BARRICADA article. Why? Because we cannot have an efficient directorate and a suitable program for the future without having a large and democratic Sandinist participation in the definition of goals and selection of leaders.

It seems to us that, in addition to the large, frank, and nonsectarian participation of organized groups, we must stress not only the FSLN's organized groups, but also that of the individual, active, patriotic, and struggling Sandinists who defended our sovereignty and worked unselfishly for the people in the intellectual, health, and education fields for the past 10 years, the Sandinists who creatively contributed to the improvement of production, and especially to the hard-working peasants who have been the main victims of the war of aggression but have hardly been taken into account.

We say this because there is a noticeable lack of enthusiasm among Sandinists regarding "party life" at the very time that preparations are being made to elect grass-roots leaders in the municipalities.

The congress should spur Sandinists into engaging in critical debate and enthusiastically presenting ideas. Instead, we see apathy, skepticism, and a lack of enthusiasm that may well turn the elections into one more formality rather than an opportunity for an in-depth discussion of the experience gained by the FSLN groups.

What is happening? Remarks at the districts point to a rejection of the old, formal style of "providing guidance" and promoting an activism that lacks motivation, because it is out of touch with the concerns and interests of the population at this moment.

In other instances, concern has been expressed about the "old leaders" who, fearful of being rejected by the "rank and file," refuse to put into practice and promote a democratic process that conflicts with their authoritarian style and personal ambitions.

Finally, reference has been made to a fear to express concerns and points of view frankly or freely suggesting initiatives because of a deep-rooted habit of obeying orders and submissively accepting other people's opinions.

During the last few weeks, "guidance" was issued to discuss the document of El Crucero that was published through the media. However, the routine manner in which this was done in many places discouraged what should have been a lively discussion on the subject.

This document, which sums up the Sandinist cadres' analyses of the electoral defeat, should be an excellent starting point for a necessary discussion among Sandinists, providing such discussion is correlated with the tangible positive or negative experiences of each one of the groups discussing the document in the districts, the regions, and the working centers.

If this is not done, the overall discussion of these developments in our country will not help us realize in what way we must change our party's style at the places where we have to work and exert political influence.

We insist on the need to expand the Sandinist people's participation in "party life," to end the elitism, and to submit all points on the document to discussion in order to improve its contents.

A huge, extremely valuable reservoir of contributions remains to be tapped. It will produce enthusiasm and introduce new ideas and proposals into the FSLN. Capable leaders will be selected, the contents of our Congress and FSLN platform will be put together, and the momentous decision about the FSLN leadership will be adopted with the required firm consensus of the active FSLN membership.

Minister Pledges Not To Dislodge Cooperatives

PA0308033890 Managua Sistema Nacional de Television Network in Spanish 0330 GMT 1 Aug 90

[Interview with Edgardo Garcia, secretary general of the Farm Workers Association, ATC, by unidentified reporter in Managua on 1 August—live]

[Text] [Reporter] In response to Nicaragua's serious land ownership problem and the failed agreements between the National Workers Front [FNT] and the government, Edgardo Garcia, secretary general of the ATC, held a meeting tonight with Agriculture and Livestock Minister Roberto Rondon. Did you achieve any results with the meeting?

[Garcia] The minister confirmed his resolve to guarantee the fulfillment of the agreements concerning a list of 18 farms and 8,500 manzanas. He rejected a list of 36 farms totalling 40,000 manzanas, which are now subject to lease approvals. This is important to us because Minister Rondon pledged to talk with the government officials who issued this list, which has affected the workers.

He likewise pledged to guarantee that none of the cooperatives will be dislodged from their lands. Instead, the governemnt will respect the rights of government employees as well as cooperative workers.

[Reporter] Is the fulfillment of the agreements guaranteed?

[Garcia] Rondon only pledged to approach the government officials who are violating the agreements.

[Reporter] What will you do now?

[Garcia] We have asked our rank and file, ATC members, and cooperative members to stand firm and to reject any business or government groups who may wish to dislodge us from the areas where we are established.

[Reporter] [Words indistinct] Minister Rondon?

[Garcia] It is Rondon's duty to talk with other government officials or ruling party politicians who want to dislodge us from almost 40,000 manzanas.

Rumor Suggests Dismissal of Bank Director

PA0308045090 Managua Radio Sandino in Spanish 0000 GMT 3 Aug 90

[Text] The removal of Dr. Francisco Mayorga from the Central Bank of Nicaragua has been mentioned in the country's financial circles since last week. It is reported that Dr. Mayorga has not been able to accurately handle the national economy, and constant devaluations have made the people lose their confidence in Violeta Chamorro's government.

Furthermore, the government's lack of tact in announcing that the gold cordoba would be put into circulation on 6 August, even though the bills have yet to arrive at the bank's vaults, have sowed greater mistrust in the government. In fact, the party-ceremony that had been prepared at the Ruben Dario Theater with lots of French champagne and delicious appetizers had to be canceled.

Illegal Fishing Boats Will Not Be Fined

PA0208222090 Managua Sistema Nacional de Television Network in Spanish 0200 GMT 27 Jul 90

[Text] Oscar Icabalceta, executive president of the Nicaraguan Fishing Corporation, reported today that President Violeta Chamorro has decided not to fine the pirate fishing boats that had been detained in Nicaragua.

[Begin Icabalceta recording] Today we have issued instructions to waive any fines that would have normally been imposed on those boats for their illegal fishing activities on the Nicaraguan side of the Gulf of Fonseca. The pirate fishing boats and their gear will be released, and the fines will be canceled to alleviate the existing tension in the area. In recent months, we have had many instances of piracy in Nicaraguan waters. These incidents are occurring more often, particularly on the country's Atlantic coast. The authorities have been alerted and are taking action to correct this situation. [end recording]

Panama

Bomb Explodes at Comptroller General's House

PA0208142490 Panama City Radio KW Continente in Spanish 1240 GMT 2 Aug 90

[From "The Word" program by journalist Mayin Correa—live]

[Text] [Correa] It has been reported that a bomb has gone off at the comptroller general's [Ruben Dario Carles] house. I do not know what happened, but here we have....

[Announcer, interrupting] No, it was in his car.

[Correa] Here we have a distinguished lady on the telephone. I do not know which line I have her on. Are you there? Oh, here she is. Good morning. Let me tell you, it is very complicated to serve the public. Pardon me. Okay, Mrs. Querube Carles is on the line. There have been reports...[changes thought] I was called at 0300 to tell me that a bomb had been placed at Chinchorro's [Ruben Dario Carles' nickname] house. I was very scared. Could you tell me what happened?

[Carles] At about 0400 we heard a very loud noise. It shook everything. We woke up and went outside to check what had happened. A bomb had been placed—I do not know how powerful because I do not understand anything about that. I think it was a bomb to intimidate us because the damage—thank God—was not much aside from the racket and commotion.

The station wagon with a government license plate where the bomb was placed was damaged. The glass on both rear windows broke and fell off. A small car that was parked behind the station wagon was shaken by the explosion.

Glass inside an apartment in the lower part of the house also broke. The tenants were asleep at the time.

The station wagon is owned by Manuel Icaza. This is exactly what happened.

The police arrived immediately. They were very good and asked questions. I was comforted to see them.

My husband, as usual, left for the comptroller's office this morning. He left the house at 0620, which is the usual time he goes to work.

It is very sad that this type of thing happened. Before my husband left, he asked me if I was scared. I told him: Everyone would be scared in such a situation, but I do not know what attitude to take. He replied: Querube, I do what I have to do. I feel I have to fulfill my duty, neither more nor less. This is how I do my job. It is possible that this was an isolated bomb that has nothing to do with us.

I said: Yes, it is possible.

Mr. Icaza said that he does not know why the bomb was placed here. So, Mayin, it is a fact that there was a bomb.

[Correa] Did any neighbors see anything? Don't you have a policeman to protect your house? Didn't he see anything?

[Carles] He was doing his rounds. When he heard the explosion he ran to the house and all he could see was the smoke and the glass. Thank God, he was not in front of the house, otherwise he would have been hurt because of all the glass flying around. There was glass scattered all around. Thank God, no one was injured. May God have mercy on the people who do this kind of thing. Even if they did this to scare us, Mayin, this is very cruel and rash. We are trying to put Panama in a situation where investors can have security, and then things like this are done; this is crazy. This really affects the Panamanian economy. No one can profit from something like this. This is a very deplorable action by people who do not think.

[Correa] Thank you, Mrs. Carles, for answering our call to confirm a rumor that has been circulating since early this morning. Let us hope that the comptroller gets more protection so that he can continue to work for the country's good.

[Carles] Thank you.

Hijacked Plane Reportedly Takes Guerrilla to Cuba

PA0208004890 Panama City Circuito RPC Television in Spanish 2300 GMT 1 Aug 90

[Text] The Aeroperlas airplane that was hijacked by the Colombian guerrillas is now in Cuba. An Aeroperlas airplane that was hijacked three weeks ago while on a flight from Colon to Panama was used to take Manuel Marulanda, the most veteran guerrilla leader in Colombia, from Colombia to Cuba. Marulanda has cardiac problems.

This information was released in the Colombian press in Bogota today. Manuel Marulanda founded the Revolutionary Armed Forces of Colombia 30 years ago. At present, he is 65-years old. He is known as "Tiro Fijo."

According to the press reports, Marulanda mysteriously disappeared from an area where Colombian guerrillas are being housed during peace negotiations.

Draft Pact With U.S.on Legal Obligations

PA0208205990 Panama City EL PANAMA AMERICA in Spanish 30 Jul 90 p 1A

[Report by Juan Pritsiolas]

[Text] A top leader of a lawyers' group has provided to EL PANAMA AMERICA a copy of the draft agreement between Panama and the United States on the investigation of crimes and mutual legal assistance, an agreement which binds both sides to supply documents and commercial, financial, trading, and banking data. The

document is part of the requirements demanded by Washington to release $243 million of an $850-million grant covered by the agreement signed on 3 July by Panamanian Planning and Finance Police Minister Guillermo Ford and Foreign Minister Julio Linares and by U.S. Ambassador Deane Hinton and Agency for International Development official Thomas Stukel. The documentation for the grant states that one of the prior conditions to release $84 million of the grant requires Panama to sign an agreement with the U.S. Government regarding reciprocal exchange of registers of international [banking] transactions and investigations into drug trafficking, and to provide proof of "continuing and satisfactory progress toward the signing of a mutual legal aid treaty."

Article 1 of the mutual legal assistance agreement states that in order to improve efficiency in the administration of justice in the two countries, the sides will provide each other assistance "in the investigation, processing, and prevention of crimes and on actions connected to legal matters." Such aid also calls on both sides to produce commercial, financial, trade, and banking background information; it binds them to take testimony from persons whenever necessary to provide information regarding monetary transactions; and it binds them to provide assistance in actions connected to seizures, as well as to confiscations, indemnity, and the collection of fines. Article 10 of the draft agreement notes that the side that is asked will take "all reasonable steps, including coercive measures," if necessary, to provide information on monetary transactions. If possible, the sides will also supply the name of the person who conducted that transaction, the account number, the name of the account holder, the date of the transaction, and the name of the financial institution where the transaction is registered.

The draft agreement, which was prepared in March, also includes a regulation adopted by the Panamanian Government one month after the draft agreement was written, a regulation obligating banks operating in Panama to maintain a registry with the identification of clients who conduct transactions worth over $10,000.

Article 15 stipulates: "The parties will assist each other in the investigation of and the civilian and administrative measures related to the identification, tracking, freezing, seizing, or confiscation of the product and the instruments used in the traffic of illegal drugs, as well as other crimes," and everything related to the application of fines and compensation for the victims of crimes. [as published]

Recently, Jose Alberto Alvarez, president of the National Bar Association, criticized the Panamanian Government's "willingness" to sign agreements that can affect the "fiscal paradise" that Panama represents, in which 110 banks operate and approximately 200,000 corporations are registered.

Arias Calderon on Legislation for Reverted Areas

PA0208205790 Panama City Circuito RPC Television in Spanish 2300 GMT 1 Aug 90

[Text] Government and Justice Minister Dr. Ricardo Arias Calderon has said that current legislation is an obstacle that prevents the good use of reverted areas.

[Begin Calderon recording] The first step we have to take is to review legislation, because the current legislation is an obstacle to the development of areas that have reverted to Panama within the plans to develop the country. I hope that at the upcoming assembly sessions the assembly will discuss a proposed bill so that areas reverted to Panama can be integrated into the national development efforts. [end recording]

Arias Calderon referred to the delivery to Panamanian authorities of the 15,000 boxes containing secret documents on the dismantled armed forces and on General Manuel Antonio Noriega.

[Begin recording] [Calderon] I understand that the pertinent Panamanian authorities from the judicial branch or other organizations conducting investigations will have access to such documents.

[Unidentified reporter] There are rumors about a subversive group that intends to release 26 prisoners at El Renacer jail. Do you have any information about this?

[Calderon] I know nothing about any such subversive group.

[Reporter] What about the situation at the David jail where prisoners staged a mutiny?

[Calderon] As we have repeatedly said at the Government and Justice Ministry, the situation of all jails is a cause of concern. We inherited jails that had received no maintenance and that were not built to hold the current number of inmates. We are trying to have, within our possibilities, a more humane penitentiary system and to enforce respect for human rights at penitentiaries. At the same time, we want to have secure penitentiaries to prevent the escape of prisoners, as has happened in the past. [end recording]

Country's Ability To Manage Canal Questioned

PA0308034390 Panama City LA PRENSA in Spanish 31 Jul 90 p 2-A

["Special" report for LA PRENSA by Franklin Bosquez D'Giovanni]

[Text] The Panamanian people's struggle during the last three years to end the military narcodictatorship of the prisoner Manuel Antonio Noriega has created a smoke screen that hides the many tasks that Guillermo Endara's democratic government has to complete.

Of course there is one task that stands out and that is the administration of the Panama Canal, which will become effective at the turn of the century when the canal returns to the Panamanians.

Even though we have a little less than a decade ahead, the truth is that this event is just around the corner, if we bear in mind that—as in everything else—the country must prepare itself as best it can to show the world the political maturity that has been achieved by the Panamanians.

However, many wonder: "Has Panama shown sufficient maturity in the 11 years that have gone by since the Torrijos-Carter treaties took effect in 1979? Since 1980 everyone seems to respond negatively because—due to a selfishness that is typical of those who were in charge of the various ministries and government offices—the Panama Canal Authority (ACP) was left without any budget and it disappeared just one year after it was created.

From the moment the ACP was left without any funds, we began a long and sad journey concerning canal issues that has not been successful at all.

Diogenes de la Rosa, a politician and historian whose experience and savoir faire in canal issues is public knowledge, has told LA PRENSA that the administration of the reverted property—ports, railroads, housing, buildings, and land, among others—has been "chaotic," as everything has been distributed thanks to the political influence of the interested parties.

One of the most pathetic cases in this distribution was the Ancon Library, whose famous Panama Collection—which has a wealth of information on the waterway—was transferred to the U.S. Congress Library. The transfer was caused by the voraciousness of the military, which progressively took over the whole building for the ousted Panama Defense Forces' (FDP) National Directorate of Land Traffic and Transportation. At the same time, these forces in olive drab pushed the prominent library into a corner, so the North Americans had to pack up and move.

According to De la Rosa, "everyone took something" in the distribution; the military benefited the most, and the education sector received the leftovers.

Commenting on this, Deputy Foreign Minister Jose Raul Mulino has said that the country has undoubtedly squandered the 11 years that have passed since the canal treaties were implemented. He said that reverted assets—railroads, ports, houses, and others—were "in a disastrous state" because "everything has deteriorated."

According to the deputy foreign minister, this is simply the tip of the iceberg, because the most important and difficult thing will be the recovery of the canal and all of its installations.

Nevertheless, technicians from the Ministry of Planning and Economic Policy (Mippe) have a more optimistic view. Marcial Andrade, who heads the Office for Planning and Development of the Canal Area (OPDAC), recognized that the previous administration had neglected the canal issue during the last three years. However, the official said, "a lot has been done" this year concerning the use and development of the mentioned area.

Although ODPAC has successfully implemented some programs, this is no longer important because the country does not have the laws to distribute these areas in order to exploit tourism and industry. Alfredo Alfaro, director of the canal area property administration of the Finance and Treasury Ministry, has said that Panama is in a "legal limbo," which prevents investors from exploiting these areas until the Legislative Assembly has issued the corresponding legislation.

Diogenes de la Rosa believes that there are few years left to prepare for the transfer of the most important property of the Panama Canal. "This represents a problem of being—that is, the definition of the waterway."

It is about time, De la Rosa said, that we figure out what to do with the Panama Canal, whether it will be a commercial or an international traffic waterway. "However, I believe in the Latin Americanization of the canal. The waterway has served the United States for many years. It is about time that this concept is reversed and the canal begins servicing Latin American countries."

Despite the fact that De la Rosa does not support the reorganization of the ACP, he suggested an "array of possibilities," including the creation of an administrative structure similar to the one that now exists, but to be controlled by the Panamanians. De la Rosa is concerned that some circles are studying the possibility of privatizing the ships' traffic.

Deputy Foreign Minister Jose Raul Mulino has said that the government is interested in studying the organizational structure of the institution that will run the canal from the year 2000. He refused to specify if the government will create an agency similar to the ACP, but he admitted that the task ahead is a complex one. Mulino said that we still have time to take advantage and decide what kind of agency will run the waterway—namely, a mixed enterprise or an entity that will operate with a contract awarded by the government.

"What we must avoid is making the same mistakes of improvising something at the last minute. This would be inexcusable," said Mulino.

He stressed that there are still two administrations—that is, two different governments—from 1990 to the year 2000. "However, our mission is important because we have to keep the canal efficient and competitive for the alternatives that may come up in the future," said Mulino.

OPDAC head Marcial Mendoza [as published] has admitted that for the last 11 years, since the Torrijos-Carter treaties went into effect, "very litle or nothing has been done." He said that it is practically impossible to talk about planning in the canal area without a real diagnosis of the social, political, and economic aspects. "We cannot run the waterway without a plan for the administration of the canal area that will lead us to economic integration," said Mendoza.

The OPDAC will recommend, among other things, not only to sell houses reverted to Panama as a result of the canal treaties, but also to sell the respective land.

Marcial Mendoza agrees that it is time to forget the many myths concerning the canal area, such as the famous phrases: Making the best possible collective use and making those areas public property. He believes that the lack of political decisions and plans has been the main obstacle in developing land and property formerly owned by the United States.

Mendoza admitted that the only document existing to clear matters concerning the usage of reverted lands is—believe it or not—the General Plan on Land Use drafted by the ACP in 1979, which should be modernized, but "is still useful."

So far, the Mippe has presented a proposal for reverted areas near the Ricardo J. Alfaro Road, Albrook, Balboa, the Amador Causeway, and the coastal sector from Farfan to Veracruz. The document contains proposals for institutional, residential, commercial, and industrial development, for ecological parks, archaeological monuments, cemeteries, tourist spots, and areas for educational purposes—among them is a large piece of land to expand the Technological University of Panama—the port center and the judicial branch installations.

The Mippe has also established priority plans for the use of reverted areas. The list includes:

Expansion of the Culebra Cut to improve internal navigation conditions in the Panama Canal.

Construction of the port center, which will introduce structural changes in the organization of cargo transportation between the ports.

Modernization of the transisthmian railroad, considered a fundamental and complementary element in the transportation of cargo and passangers.

Expansion of the commercial-industrial Colon Free Zone area known as France Field to expand services provided by this organization.

Industrial-commercial development of the Albrook-Mount Hope sector, because these activities would be complementary to the port center.

Construction of the northern corridor, which is an important road that would help integrate extensive areas to development plans.

Housing projects for lower- and middle-income families.

Drainage of Curundu and Matias Hernandez rivers, which will help control floods and help develop these areas.

Widening of the Arraijan-Bridge of the Americas road to expedite transportation of cargo and passangers.

Construction of the Arraijan-Panama-new bridge over the Canal (which many call the Simon Bolivar Bridge).

Widening of the Panama-Colon road.

Although more than six months have passed since the Endara government assumed power, abuses perpetrated by members of the dismantled FDP with reverted property still stand out. From a total of 645 buildings that have reverted to Panama since 1979, the FDP retained direct control over 264—which in many cases were the best—because their ambitions were limitless. For example, the FDP inherited the installations known as Jose Domingo Espinar Fort—the former School of the Americas—which has 35 buildings, but only seven were used; the rest deteriorated because they were neglected.

According to Finance and Treasury Ministry spokesman Alfredo Alfaro, during the military dictatorship, many buildings and land were given or leased to individuals without public competitive bidding, as the Fiscal Code demands. Several organizations have also received parcels of land to be leased at ridiculous prices. For example, the Chinese-Panamanian Cultural Center and the Hindu Temple each pay only $200 a year for the land they lease.

This is one of the many examples that makes one ask again whether the Panamanians are prepared for the great event in the year 2000.

Deputy Foreign Minister Jose Raul Mulino said that the Panama Canal cannot be political booty. "It would be unfortunate if our main resource becomes something exclusively for the political parties. The Panama Canal must be autonomous, independent, and apolitical."

"Otherwise," the deputy foreign minister warned, "what is currently happening to the Social Security Fund will also happen to the canal, and I do not think any Panamanian wants that."

Regarding the possibility of Panama taking full advantage of its geographic position—something that does not exclude the possible leasing of military bases to the United States—Diogenes de la Rosa said that 10 years ago, the psychological state of the people did not permit any proposal about the leasing of national territory for foreign military installations.

After defining the concept of nation as "the expression of a people's will," De la Rosa indicated that one would have to see what the Panamanians' will is in the year 2000. "We must develop a clear and strong national

conscience so that we can undertake what that conscience dictates to us. Our future depends on heightening awareness."

"With the Panama Canal in our hands we cannot continue acting as we have been," the former canal treaty negotiator added.

Deputy Foreign Minister Mulino stressed that the government has not addressed the issue of the future of the U.S. military bases in Panama. He said that this should be part of the national agenda because, as everyone knows, the Torrijos-Carter treaties establishes that there will be no U.S. military bases after the year 2000. "However, we must also study the direct and indirect effects those military bases have on our economy. This must be a wise and responsible decision."

Mulino said that the world is experiencing political changes that indicate that there will be innovative times in the future. The integration of Europe into a common market, the political changes in the East European countries and in Central America, and the integration efforts in Central America are some aspects that show that the world is forming blocs.

"Panama is not an island within that change. The Panamanians must not confuse nationalist sentiments with the need for economic development," Mulino added.

Conato Resolution Rejects Economic Strategy

PA0208165690 Panama City CRITICA LIBRE in Spanish 2 Aug 90 pp 32, 20

[Report by Roberto Cubilla]

[Text] The National Council of Organized Workers, Conato, emphatically rejected the economic proposal presented by the Planning and Economic Policy Ministry [Mippe] and said that the national government's attitude of promoting the discussion of that document "lacks seriousness" because "it has already signed an agreement with the U.S. Government on that matter."

In a resolution issued by its members, Conato said that the "National Strategy for Economic Development and Modernization" implies the dismissal of public employees, "attempts to amend the social security fund's organic law and privatization plans for state enterprises and institutions." In addition, Conato rejects the attempts to amend the Labor Code, labor laws, "and the intention of eliminating or subjugating labor organizations."

Conato's resolution also recommends the promulgation of a law creating "the Panamanian Consumer Protection Institute." Conato reiterated to the national government, industrial, agricultural and livestock, commercial, financial, and other sectors its willingness to participate in a serious dialogue "to define a truly Panamanian economic model."

Conato said that after consulting all the labor groups comprising that organization, it was concluded that the National Strategy for Economic Development and Modernization "in reality is just informative and in accordance with a donation agreement signed between the Panamanian and U.S. Government on 3 July 1990," as announced in Official Gazette No. 21.581 of 17 July 1990.

The Conato resolution added that the National Government, through the Mippe, has called for debates on a document it already signed with the United States, and that such action shows a "lack of respect" for the citizens and reflects "an arrogant attitude that overlooks the interests of the Panamanian state."

Finally, Conato said that the National Strategy for National Development and Modernization "only includes economic aspects," and offers no solution to social problems. Conato's document stressed that the economic strategy implies "raising the age for retirement, and fosters the deterioration of health and educational levels, higher unemployment, more poverty, and the destruction of the industrial and agricultural activities." The plan is aimed at turning the entire national territory into a free zone and making it more dependent on the power poles and international financial centers, Conato stressed.

Colon Free Zone Manager on 'Alleged' Agreement

PA0208201990 Panama City LA PRENSA in Spanish 31 Jul 90 p 1A

[Report by Nubia Aparicio S.]

[Text] Jaime Ford Lara, Colon Free Zone manager, said yesterday that he has no knowledge of and rejects the alleged document or agreement that the transporters claimed they had reached "with the clear intention of confusing public opinion." Ford Lara said his administration "never participated in any negotiations with the transportation organization and neither did it meet with Carlos Young Adames, the mediator."

In an 11-point communique, Ford Lara stated that the Free Zone position was not to establish a dialogue with those had who prevented the free transit of vehicles and pedestrians, until the mechanical equipment used for this purpose was withdrawn to allow free access and exit to and from the area.

The Colon Free Zone operations were interrupted on Monday 23 July and Tuesday 24 July because of the barriers set up at the vehicle and pedestrian entrances and exits by a certain group of transporters of the Colon Province.

The Free Zone administration expressed to the community its firm proposal not to allow the granting of exemptions and privileges to any group through the use of coercion,. It reiterates its call to the transportation sector for a dialogue.

Government To Receive Assistance From Japan

PA0308012590 Panama City LA ESTRELLA DE PANAMA in Spanish 1 Aug 90 pp 24, B10

[Report by Hermes Sucre Serrano]

[Text] The National Institute of Telecommunications (Intel) will receive technical training and assistance from the Japanese Government as part of a four-year program totalling 2 million balboas. The agreement that will permit the implementation of the program was signed on 30 July at the Intel main offices.

Intel Deputy Director Francisco Denis has told LA ESTRELLA DE PANAMA that the project includes three areas: transfer of advanced technology in digital transmissions and in fiber optics using Japanese instructors, and provision of a sophisticated training system for Intel technicians both in Panama and Japan.

The record of the talks that will permit the implementation of the program was signed by Francisco Denis on behalf of the Panamanian Government and by Japanese Ambassador to Panama Jumpei Kato and head of the mission Akira Okura for the Japanese Government. Dr. Ricardo Arias Calderon, government and justice minister, National Bank Manager Luis H. Moreno, and officials from Intel and the Comptroller General's Office attended the ceremony.

Akira Okura, head of the Japanese mission, said that the Japanese technical assistance will enable Intel to provide better communications service to the region and will grant incentives to foreign investors to come to Panama and establish new industries here. He stated that the technical training received by Panamanians will provide Intel with the capacity to work toward developing and supporting the national reconstruction.

The first phase of the Japanese assistance program, whose implementation went into effect on 31 July, is the result of a high-level economic cooperation mission from Japan that visited Panama in May. The members of the Japanese mission met with Vice President Guillermo Ford, and they talked about the program for the transfer of technology.

Vice President Ford thanked the Japanese Government for supporting Panama, and he added that the project represents advancement in the technological field as well as in the quality of Intel technicians. He said that he has ordered Intel personnel to implement the cooperation agreement in a smooth fashion.

Assembly Secretary Criticizes President

PA0308040990 Panama City CRITICA LIBRE in Spanish 2 Aug 90 pp 32, 20

[Report by Arnulfo Mendoza]

[Text] Legislative Assembly Secretary General Ruben Arosemena has said that he was surprised to read in the latest official gazette that an agreement between the United States and Panama for a $243-million donation was approved.

Arosemena stressed that this "is a prerogative of the Legislative Assembly according to constitutional procedures established in Article 153, the third clause, which reads: "... to approve or reject before their ratification international agreements signed by the executive branch."

Asked if he thought that the president is usurping functions that are not his, Arosemena said: "It has been an unnecessary risk, because if the Supreme Court of Justice declared the agreement signed by the executive branch unconstitutional, it would have to be sent to the Assembly. That would be regrettable, because although it benefits the country, its constitutionality could be questioned in the future."

The agreement provides Panama with financial assistance to carry out political reforms to make economic recovery possible and to restore the financial credibility of the country's public sector.

Regarding the presidential return of seven bills to the Legislative Assembly without approval, Arosemena said that "this is a very high percentage, considering the 10 bills that were approved."

Arosemena underlined that "this assembly is concerned about the situation, and corrective measures have been adopted by requesting that all public institutions appoint a representative to the various legislative commissions to prevent the president from vetoing draft resolutions by arguing nonparticipation."

"We respect the president's constitutional right to exercise a veto; nevertheless, we are worried that the situation could repeat itself, with a future increase in vetoed draft resolutions, because it is the country that loses in such cases. This means an economic and productive setback for the country," stressed the Legislative Assembly's secretary general.

To the list of vetoed draft resolutions, one must add the pending appointment of an Electoral Tribunal magistrate, ratification of all autonomous institution directors, and the case file study and debates on alleged crimes involving members of the Legislative Assembly. All this adds to the agenda for the upcoming legislative period that starts on 1 September.

Argentina

Menem Discusses National Transformation

PY0208143690 Buenos Aires Argentina Televisora Color Network in Spanish 2211 GMT 1 Aug 90

[Address to the nation by President Carlos Menem from the White Room of Government House in Buenos Aires, attended by Vice President Eduardo Duhalde, Supreme Court President Ricardo Levene Congressmen, ministers, ambassadors, secretaries and under secretaries, national officials, businessmen, industrialists, and special guests — live]

[Text] Messrs. Vice President, Ministers, Ambassadors, senior officers of the Armed Forces, Congressmen, Mayors, the Mayor of Buenos Aires, ladies and gentlemen, sisters and brothers of my fatherland.

One year after receiving this national government Argentina must put an end to its repertoire of recurring crises and the causes of its deterioration. All of us know them, all of us suffer from them, and all of us know who we are and the state we are in.

It is not enough for Argentina to speak about what it has not done and what it could not do. We Argentines want to talk about how to build a true and possible future.

Thus, I now call on you to achieve a national transformation, which is a task for everyone on the path we are currently walking toward the reform of the state and productive revolution. During this address I will specifically deal with the reform of the state for national transformation.

I call on you so that we can implement a national transformation by making an authentic change of the cultural viewpoint we have of the state. I invite you in order to change the state so that we can rescue the undeniable values of freedom and social justice.

The reform of the state is the new project of a nation within the framework of national transformation. It is a project that demands national unity and the committed and responsible participation of all citizens.

National transformation is not limited to the reform of the state. It is a great deal more. The reform of the state is not limited to the privatization of a few public enterprises. It is a great deal more.

The reform of the state for national transformation categorically means a change of conduct and behavior in the relationship between the individual and the state that will strengthen freedom and that will recover the participation of the individual and the community.

For the government, these are the principles of the reform of the state: National unity, realism, planning, participation, popular market economy, private initiative, state businessmen when necessary [coyuntura], just and efficient public services, decentralization, and integration. These are the guiding ideas upon which the new state will be built.

National transformation is the fruit of my deep revolutionary conviction. I am not proposing a revolution, we are already immersed in it. Revolution in the sense of change. Revolution in the sense of evolution. In the end, a revolution in peace with and for everyone.

We are now advancing toward the effective and efficient intensification of change. As matters now stand we must reposition the state. I declare here that the state has not failed. Statism has failed, which is something completely different. Reposturing the state consists of placing it in a new and different relation to the individual and society. Reposturing the state means democratizing it, because we aspire to a social, democratic state guaranteed by law. The state as a political and historical organization continues to be valid.

Its activities as a businessman, producer, tradesman, and as an industrialist are longer valid. With this administration that type of state is no longer valid.

The state has not become exhausted in terms of the political order of society, but it has become exhausted as a state enterprise.

The excessive growth of the state unbalances its relation with the individual and society. The weakening of social participation obliges us to reposition the state in such a way that it will guarantee public freedom, individual rights, and collective interest, which up to today has not been protected by an overgrown and inefficient state that has broken the balance in the relationship of authority and freedom.

The political actions to achieve this process of repositioning the state will be carried out in all spheres. With a repositioned state we will move from representative democracy to participative democracy. After this aspect of repositioning the state, we have the question of redistributing the economy.

We will lead the nation's economic resurgence with a new market system, which will be a popular market. Thus, we say popular market economy, which means that the economic system must be at the service of the people. It is an ethical economy, an economy that humanizes.

This economy has two aspects: Popular and market. The former because it recycles work, it guarantees justice—including social justice—and it allows state intervention for the common welfare. The latter because it acknowledges and guarantees economic freedom.

Redistribution is the name of the economic sector reform. Reform imposes new principles and rules on the economic process in order to recover freedom, such as: Private initiative, competition, investment, capital, production, and work.

Redistribution seeks to consolidate economic democracy. Redistribution also implies the economic decentralization of the state toward other political units, to the provinces and municipalities, and these in turn toward the community, to intermediate associations, the private individual, the private sector, and enterprises.

The reconciliation of the state, the demise of the industrial and commercial state, obliges us to redistribute the economic sectors by returning to private activities, to private undertakings that up to today have been totally blocked by state activities.

Redistribution also demands that we privatize what is private, that we drop the use of subsidies, and become accustomed to investment, risk, and competition.

I would say that the third point of this brief message is that we have to reorganize the government. We must give the centralized administration a new structure and function. The distortion of the executive administration with multiple structures, repeated competition, oversized organizations, bureaucratic growth, downgrading of the administrative career, and a vocation for rules and regulations, in addition to the old culture of paperwork—the spine and model of the bureaucratic culture—require a new organization on the higher echelons of the government.

The reorganization of the government must be carried out in an overall way, including its institutions, functions, personnel, and its assets. The functions of the government will be determined by the goals of the transformed state: finance, production, work, services, interior and exterior political action, education, health, justice, defense, and social action.

We must revalue the public function as a service of capability, efficiency, responsibility, and professionalism of the official. The fate of the country's administration will depend on this revaluation.

As the fourth point, we can say that we must reconvert decentralization. This is a consequence that is imposed on us due to the repositioning of the state. The reconversion of the state and nonstate decentralized public administration.

To reconvert means returning matters to their normal channels, to their genuine places. The reconversion of political decentralization will effectively and truly return the appropriate competence and powers to the provinces and municipalities. The reconversion of the administrative decentralization will transfer enterprises and activities that were up to today public to the private sector through privatization, concessions, licenses, permits, cooperatives, private participative property, leasing, and private administration.

This will make viable the participation of the community in the management of common interests through the institutionalization of the intermediate associations, cooperatives, and consortiums, thus making up the nonstate public administration.

Thus, the state, the fundamental and essential promoter of the common welfare, acknowledges that to achieve this it must call for political participation and individual and social administration.

Because of this we have decided that reconversion is a priority in the fields of hydrocarbons, electricity, communications, transport, water works, and sanitary services. This is why at the same time we have implemented rationalization and reconversion.

We could not choose the speed nor the time. Everything was and is urgent. We determined the priority sectors in which we would begin to operate and we immediately took action.

Thus, we lined up television, petroleum, highways, telephones, railways, aviation, and the hydraulic and electricity sectors.

As a fifth point we can say that it is necessary to recreate oversight. Let us rescue public oversight to enable it to guarantee freedom.

The republican system imposes a balance between government and oversight. Oversight is not just power, it is also a duty, and this is very important. There is no power without supervision, or at least there should not be. Efficient public supervision is needed to ensure that public activities are subject to legal rules and good administration.

The current structure of supervision of the public administration must be reorganized into two organizations that will be directly under the jurisdiction of Congress in order to strengthen the oversight function exercised by the representatives of the people and provinces. Thus, we will ensure the autonomy of the oversight organizations as related to the public administration and we will achieve a more direct supervision by the representatives of the people.

Thus, we propose the creation of the Comptroller General's Office of the Republic and the Ombudsman's Office [Defensor del Pueblo]. These two organizations must complement political, administrative and judicial supervision that correspond to our republican system.

As the sixth point, we must reorganize Congress. Our national reorganization calls for the reestablishment of full congressional activities and power, and for the revitalization of its supervisory function. Thus, Congress will be reestablished as a republican, federal, supervisory organization. As a republican organization that represents the people's sovereignty, the power of Congress consists in sanctioning the laws and its strength is the capacity it has to create the laws that guide public, social, and individual affairs. The mission of Congress cannot be handed down to any other institution. The laws, the important laws that will reorganize and create the new

country, must be made by Congress. For this reason, Congress must give the people new laws that will create the new, modified state. As a federal organization, Congress must truly express an integrated synthesis of the province-nation equation. It must express a federalism consisting of complementation, coordination, reconciliation, and integration among and between the provinces and the national government. As an organization with oversight powers, Congress has the essential role of controlling the constitutional and legal mechanisms, such as impeachment proceedings and oversight of public accounts and investment.

We must also review the concept of federalism. The reorganization of the federal government leads to the reorganization of the provinces. The new, reorganized government is a federal administration, and this calls for a new vision of federalism, which must no longer be a formal theory and become a reality. Within our possibilities, we must create a federalism with a political-institutional and economic-social mentality. Our reorganization proposal is an answer to the progressive decentralization process and to the weakening of provincial autonomy. The essence of the changes proposed by us is local administration based on a decentralized government in which the provinces take an active part. Federalism is an essential component of the democratic system. Our democracy is authentically federal and, through geo-economic and political integration, it makes the authentic institutionalization of provincial participation possible.

Federal democracy is dynamic and is based on complementary and coordinated relations, the operational measures of which consist in: an equitable distribution of responsibility; in strengthening the regional administration as an alternative to federal administration; in stimulating the creation of federal and interprovincial companies; and in drafting and implementing formal interprovincial integration treaties, laws, and adhesion and integration agreements.

This is the only possible type of federalism, and it makes decentralization and active provincial participation a reality. Only through this type of federalism will the provinces cease to be simple branches of the national administration and acquire power over their own political and economic life, thus recreating institutional dialogue for a fair economic redistribution.

The solution will come through formulas for combined management of water and energy-generating resources, of hydrocarbons, etc. This may be achieved through federal agreements, which are the most efficient political instrument for integration and participation.

Yet for this proposal it is also essential to begin restructuring the municipal sector, here and now. There can be no real federal system without a suitable municipal structure that can also facilitate participation and decentralization.

As political and administrative units, municipal governments should also reformulate their position with respect to citizens, to neighbors, and to neighbors' organizations. Their size and area should facilitate the participation of neighbors, operating in coordination with the province and with the nation.

The reorganization of the municipal sector calls for an adjustment of its structure and of its political-managerial organization, in order to meet existing demands. We should not create more centers of power for the sole purpose of satisfying local ambitions, because this will only serve to promote an unjustified growth of the administrative structure.

We believe that under the current circumstances, municipal districts can no longer be established in terms of population or territory alone. Both criteria now appear as insufficient, because they have not allowed communities to meet their most essential needs.

Each province should therefore adopt the appropriate measures for establishing a municipal organization that should take into account the organization of the community, its area, its population, its financial, economic, and technical resources, and its urban needs. In this regard, we should admit that provincial governments are indebted to their respective towns and to the Argentine Republic.

Yet we should also reformulate the law. Historically, whenever the state has been transformed, the law has also been transformed, because the crisis of the state is coupled with the crisis of the law. To reformulate the law means to give it a new structure, that is, to reformulate it in clear, precise terms.

The new legal system should be based on a humanist, personal approach, allowing individuals and society to participate in the political, social, and administrative sectors. We do not just want a legal system but a legal system built upon freedom and social justice.

Laws and regulations cannot be something abstract or an illusory; they should turn into something habitual for Argentines and for Argentine communities. The new legal institutions will be nothing but written intentions if the state does not care to transform them into real facts, because people are not driven merely by ideas but also by concrete facts.

The national transformation calls for a new legal structure, because the law must be the language for communication between the state and its citizens. The restructuring of the legal system is a major task for Congress.

We want to improve the law in order to enforce a legal system that suits our social situation. We must adopt a realistic, pragmatic, and just approach.

To this end we must plan the amendment of the Constitution, which should become an institutional pact that will promote a national transformation.

It must be an agreement among all political, social, and economic sectors, who are responsibly committed to national unity as an essential requisite for peace, freedom, social justice, and economic progress. All this leads us to the imperious need to renew the state. The state reforms will give us a renewed state. A reformed state is a state renewed in its roles and objectives. National transformation demands a state which is a policy maker, an organizer, an administrator, a planning state, a state that serves, and a supervisor. These functions outline the mission of the new state for the development of man and society.

The state is a policymaker because it effectively exercises and controls politics in society with the objective of attaining the common well being. The state is an organizer because it sets the rules to organize itself and the guidelines to organize society based on social pluralism, autonomy, and freedom of the individual and social organizations. The state is an administrator because it is the administrative institution that must ensure efficient and fair services for the people. The state is a planning state because it has the responsibility of preparing the plans and projects of government action and implementing them.

The state must implement a democratic planning with the participation of the production, capital, and work sectors. The state serves because it must serve the people, and attend to the citizenry. The state must directly or indirectly give public services. The state does not monopolize public services which could also be provided by consortiums, cooperatives, and concessionaires. The state supervises because it has the power to control. There is no democratic state of law without control. There is no freedom without control of the people's use of their rights. The state guarantees, because it may intervene and replace any service temporarily. Citizens must rest assured that within this new order, society or the individual may be the main protagonists of this process, since the state will only intervene or substitute them when they do not comply with the objectives of the common well-being.

Finally, I assert that transformation is the challenge of the present. It is a defiance. State reform is one of our precepts, and productive revolution is another. National transformation will make national interest prevail over domestic or foreign privileges, social justice over the helplessness of the weak, competence over monopolies, production and work over speculation, solidarity over indifference, the opening to the rest of the world over international isolation.

National transformation is the new ideal that unites and inspires the Argentine people who live on the verge of 21st century. I want to thank you for your presence, our proposal is underway.

Evidently, as I said at the beginning, it is a proposal to change. We are convinced of the need to implement this mission to change Argentine history. There are many problems, many inconveniences. Those of us who have assumed this responsibility were and are prepared to continue enduring these several difficult situations.

This change that is underway will obviously affect the interests of many sectors who have lived on privilege, at the expense of the state. Such privileges are being eliminated, because there is no other alternative for Argentina, which wants to change and which is changing.

Our position is neither sectarian nor exclusionary. We are not summoning a party. We are not summoning just one sector for this task, which we have set in motion in extremely difficult circumstances, with which you are very well familiar, and which we are now overcoming.

We are summoning all Argentines. It is us, Argentines, who have to defend our own interests, the interests of the people at large and of the state and nation in particular. In one word, we should defend the interests of the Republic, which are more important than partisan or private interests, and which are more important than those sectors that have crippled our beloved fatherland and our beloved people, plunging them into stagnation and backwardness.

I know that you are prepared for this change and that you support it. You are to some extent helping us in this task. I know that you will not give up in your efforts. You may rest fully assured that the course we have taken is irreversible, that it is a one-way path. It is irreversible because it will promote the greatness of our fatherland and the happiness of our people. Thank you, very much [applause].

Menem, Navy Chiefs Analyze National Situation

PY0208212790 Buenos Aires TELAM in Spanish 2035 GMT 1 Aug 90

[Quotation marks as received]

[Text] Buenos Aires, 1 Aug (TELAM)—President Carlos Menem and the commanders of the Navy last night analyzed the national situation and the country's regional integration, with a view to Argentina becoming a full member of the international community.

This information was released to TELAM by a Navy source who said that the president came to the "Libertad" building—which houses the Navy headquarters—where he was greeted by the commanders and listened to their concerns, as he has done with the active-duty generals.

The source said that the meeting was "cordial" and "very positive." The agenda included matters connected with the "process of restructuring and updating the infrastructure" of the Navy in keeping with the current situation.

Navy Chief of Staff Admiral Jorge Ferre delivered a speech in which he stressed the "effort" that the Navy

has made to "control the sea as an appropriate instrument of national foreign policy."

During the meeting, Menem referred to state reform and to his policy of "definitive pacification of the country" with "total balance between all sectors."

Navy sources said that the presence of the president at military ceremonies and his meetings with the commanders "entails a total restructuring" of relations between state officials and the military chiefs, who "until recently were separated by an abyss."

It was also reported that Menem said that it was "clumsy" to try to separate the Armed Forces from their essential role and from their mission toward the "nation's greatness."

During the meeting the Navy chief of staff and the admirals with assignments in the federal capital and in Greater Buenos Aires promised to concentrate their efforts on supporting "the interest of the nation on the rivers and at sea," with special emphasis on preserving the environment and supporting the community."

Menem concluded by stressing the efforts by "these valuable human resources" who, along with other military institutions, guarantee a deterrent power that safeguards our development in peace.

Government Calls on Kuwait, Iraq To Negotiate

PY0308001590 Buenos Aires TELAM in Spanish 2356 GMT 2 Aug 90

[Text] Buenos Aires, 2 Aug (TELAM)—The Argentine Foreign Ministry has released a communique in which it expresses its "great concern" over the reported invasion and occupation of Kuwait by Iraqi military units.

The Foreign Ministry indicates that this incident "represents a break in international peace and security, and a serious upheaval of the political equilibrium in that region."

It indicates that "in this respect, and with the purpose of a possible return to the situation that prevailed before the armed intervention, the Argentine Government, sharing the terms of Resolution 660 (1990) that was unanimously adopted by the UN Security Council, asks for the immediate and unconditional withdrawal of the Iraqi forces to the positions that they occupied on 1 August, and it urges the two countries, once this condition has been implemented, to begin negotiations seeking to resolve their differences by peaceful channels.

Trade Agreements Signed With Paraguay

PY0208185290 Buenos Aires Domestic Service in Spanish 1600 GMT 2 Aug 90

[Text] Argentina and Paraguay have signed a subregional agreement aimed at the future lifting of customs fares of several products traded between Paraguay and the Argentine northwestern and littoral [along the Parana River] provinces.

Working groups made up of representatives from the Argentine Provinces of Entre Rios, Santa Fe, Corrientes, Misiones, Chaco, Formosa, and Salta, and the Paraguayan Departments of Villa Hayes, Itapua, Neembucu, and Boqueron, have been formed.

Two other agreements with Paraguay were announced in Salta Province. The Salta industry and commerce secretary and the president of the Salta foreign trade chamber said that one of the agreements refers to animal health, exchange of breeding bulls, and of bovine and ovine semen.

Diplomatic Ties Established With Namibia

PY0308010290 Buenos Aires LA PRENSA in Spanish 1 Aug 90 p 3

[Text] The Argentine Government, in response to Namibia's formal declaration of independence on 21 March 1990 and through negotiations conducted between the permanent missions of the two governments at the United Nations in New York, has proposed establishing diplomatic relations to officials in Windhoek.

Following the appropriate agreement, an accord was signed in New York, as has been stated in a joint communique. The communique notes: "This decision is based on common respect for the principles of international law and the UN Charter as well as the firm purpose of contributing in the most effective way to prospects for peace, international security, and economic development."

Cali, Medellin Cartels Operating Here

PY0308005190 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1921 GMT 1 Aug 90

[Text] Buenos Aires, 1 Aug (NA)—Alberto Lestelle, program secretary for drug prevention and the antinarcotic struggle, today said that Colombian drug trafficking organizations are operating in Argentina. He added that 15 Colombians involved in the Medellin and Cali Cartels have already been arrested in the country.

Lestelle also said that during his upcoming visit to Argentina in September, President Bush and his Argentine counterpart will reportedly analyze the measures to be adopted to prevent the laundering of money stemming from drug trafficking.

During the ceremony to mark the first anniversary of the Drug Prevention and Antinarcotic Struggle Secretariat, Lestelle reiterated his support for the president's decision to include in the executive branch project his proposal that murderers linked to drug trafficking can receive the death penalty. This project seeks to change the penal code.

Lestelle said that "70 percent of the people" advocate the death penalty for drug traffickers. He added that this figure is the result of a survey conducted during a so-called "Sun Without Drugs" operation carried out during the summer. [words indistinct]

Lestelle said that cocaine consumption in the country involves a total of "seven and a half tons per year, which amounts to approximately $1 billion. He added that according to official estimates "approximately 12,000 kg of cocaine circulate throughout the country" in the same period.

Lestelle also provided details of the people who were arrested in Argentina last year. Fifteen of them are Colombians, while the rest are from other Latin American countries. They probably have direct contacts with the Cali and Medellin Cartels.

The following people have been arrested: 182 Bolivians (115 men and 67 women); 42 Paraguayans (36 men and six women); 94 Chileans (73 men and 21 women); seven Brazilians (five men and two women), and 175 Uruguayans (115 men and 60 women)

Concerning the visit that President Bush will make to Argentina in September, Lestelle said that the agenda has not yet been established, but that the two presidents will discuss matters on drug trafficking as well as "mechanisms to be used to prevent the laundering of money" that stems from drug trafficking.

He said that according to information, the Colombian cartels are reportedly transferring their bases to Bolivia and that this situation would have great repercussions in Argentina "both in the drug trafficking and in the drug consumption sectors."

He said that joint actions are reportedly being analyzed with border countries, with the participation of military men of the two countries, "to detect the continuous drug trafficking along the border." This action includes car smuggling.

Lestelle said: "We will ask other countries of the continent for their assistance and technical support to fight drug trafficking." He added that the request for assistance could be also made to the "U.S. Armed Forces."

He said that the government will request the military to provide "logistic and intelligence support, whenever the president deems it necessary." He reported that several clandestine air strips allegedly used by drug traffickers have been discovered in the interior of the country.

He also announced that a commission will analyze all necessary measures within the framework of the resolutions adopted by the OAS and the respect for the existing agreements, "to prevent the Argentine Bank from being involved in the laundering of money stemming from drug trafficking."

Lestelle said: "We will do our best to prevent Argentina from being turned into another Colombia." He stressed the government's decision to include "crimes stemming from drug trafficking" among those that should be punished by the death penalty.

Bolivians To Be Given Residence Documents

PY0208181690 Buenos Aires Domestic Service in Spanish 1600 GMT 2 Aug 90

[Text] Nearly 500,000 Bolivian citizens who live in Argentina will receive definite residence documents by virtue of a binational agreement. This was announced in Santa Cruz de la Sierra, Bolivia, by Bolivian Interior Minister Guillermo Capobianco following talks with Argentine Interior Minister Mera Figueroa at the beginning of this week.

Bolivia

Government 'Deplores' Iraqi Invasion of Kuwait

PY0308005890 Madrid EFE in Spanish 2338 GMT 2 Aug 90

[Text] La Paz, 2 Aug (EFE)—The Bolivian Government declared today that it does not support the invasion of Kuwait by Iraqi forces and expressed its support for the peace initiatives being undertaken by the United Nations.

The document released by the Foreign Ministry "reiterates the peaceful vocation traditionally supported by the Bolivian people and Government."

"In this respect," it adds, "Bolivia energetically deplores and condemns the invasion of Kuwait by Iraqi troops and supports the unanimous condemnation that this incident has provoked in the international community."

The official Bolivian document declares its firm support for "the initiatives that are being undertaken by the United Nations to overcome this serious international situation."

Government Demands Funds for Alternative Program

PY0208115890 La Paz La Red Panamericana in Spanish 0000 GMT 2 Aug 90

[Text] This afternoon Foreign Minister Carlos Iturralde said that by the end of September the Bolivian Government wants to conclude negotiations with the United States to obtain the resources aimed at the implementation of the alternative development program.

Iturralde said that the Bolivian Government is concerned about the delay in the disbursement of funds by the United States and the EEC. He recalled that the new U.S. fiscal year begins in October 1990 and consequently the Bolivian Government should try to obtain those resources before that date. Concerning the EEC, Iturralde said that in October the government will speed up the negotiations with those countries which have also promised to support the antidrug struggle.

Asked about U.S. Vice President Dan Quayle's visit to Bolivia during his tour of several Latin American countries, Iturralde said that Quayle is scheduled to arrive in Bolivia on 9 August. During his one-day visit to Bolivia Quayle will hold two meetings with government officials. He said that Quayle will probably be accompanied by [Assistant Secretary for Inter-American Affairs] Bernard Aronson, but he did not specify the matters to be analyzed on this occasion.

Iturralde also referred to the upcoming meeting of foreign ministers of the Andean sector that will be held in Bogota during the Colombian presidential inauguration. [recorded passage indistinct]

Canadian Company Conducts Aviation Security Study

PY0208131690 La Paz La Red Panamericana in Spanish 1130 GMT 2 Aug 90

[Text] The Canadian company CPS [expansion unknown] has begun a feasibility study on aviation security in the airports of four departmental capitals. This was reported by Juan Manuel Hurtado, executive director of AASANA [Auxiliary Air Navigation Service Administration], who said that this study is financed by a $400,000 nonreimbursable loan. He added that this study will be the basis of a future diagnosis of the current state of airports, security, and air traffic requirements.

Brazil

Weapon Sales to Iraq Denied; Trade To Continue

PY0308125690 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 3 Aug 90

[Text] The Brazilian Government has condemned the invasion of Kuwait by Iraqi troops. The Brazilian Foreign Ministry has released a note condemning the Iraqi attitude and supporting the UN Security Council motion to request the withdrawal of Iraqi forces from Kuwait.

Despite the conflict, Brazil will maintain trade relations with Iraq. According to Itamaraty spokesman Jose Vicente Pimentel, Brazil has many interests in Iraq, which is Brazil's main oil supplier. Pimentel clearly stated that Brazil has not sold weapons to Iraq since August 1988 due to a dispute, and even if this dispute is resolved, the sale of Brazilian weapons to Iraq will continue to be suspended as long as the conflict with Kuwait continues.

Last year Brazil imported more than $1.3 billion worth of oil from Iraq and exported more than $300 million worth of goods to Iraq.

The Iraqi Embassy in Brasilia released a note stating that the invasion was in answer to a request from the Kuwaiti people, and Iraqi troops will withdraw when a solution suitable to both countries is found.

Meanwhile, the Kuwaiti ambassador in Brazil went to Itamaraty to speak with Foreign Minister Francisco Rezek. He did not request Brazilian aid, but simply explained the situation to the Brazilian Government.

Debt Payments To Resume After IMF Accord

PY0308003990 Sao Paulo FOLHA DE SAO PAULO in Portuguese 31 Jul 90 p B12

[Excerpts] Central Bank President Ibrahim Eris, 45, has said that Brazil will resume payments on its debt with the Paris Club agencies once an agreement is reached with the IMF, upon the conclusion of negotiations with its official creditors.

Regarding the private banks, Eris has said that Brazil wishes to negotiate its debt with this sector "in a definitive manner", without signing an agreement that "we will not be able to fulfill." [passage omitted]

Eris said that among the goals that the Brazilian Government will submit to the IMF technicians, goals that have not yet been clearly defined, is the estimated inflation rate for the next few months. He admitted that "nominal goals are necessary" but "for the time being we do not have it (the estimate inflation rate). They will be disclosed as soon as they are established."

During a tour of Europe two weeks ago, Economy Minister Zelia Cardoso de Mello, 36, made her first contacts with the Paris Club management. However, negotiations will only really start after an agreement with the IMF is reached. Eris made this announcement regarding the resumption of payments yesterday morning after participating, together with President Fernando Collor, in the opening of the Varig general convention on traffic and sales in the Central Bank auditorium in Brasilia. Eris asserted that the government will "calculate in a realistic manner" its payment capabilities.

Government Outlines IMF Policy, Interest Plan

PY0208225790 Sao Paulo FOLHA DE SAO PAULO in Portuguese 31 Jul 90 p B-12

[Report by Armando Ourique]

[Excerpts] To decide how to disburse the trade surplus (exports less imports), the Brazilian Government has proposed to the IMF a profound change in the policy that prevailed since the last agreements were signed between Brazil and the IMF.

According to Jorio Dauster, the special foreign debt negotiator, the proposal to change the policy for negotiating the surplus derives from the great singularity of Brazil's position.

Dauster said that Brazil intends to avoid defining a surplus balance that could cause inflationary pressure. In this respect the government wants to change the policy for defining the balance that was the guideline for the agreements that have been signed with the IMF since

1982. Economic Policy Secretary Antonio Kandir submitted the Brazilian Government proposal to the IMF during his trip to Washington this month. Dauster has stated that the IMF's acceptance will only be known during the course of the negotiations. [passage omitted]

The Brazilian Government intends to change the policy pertaining to the surplus balance. It seeks to establish a negotiation program with the IMF in which the internal goals for fiscal and monetary stability will first be defined and based on the comeback of the economic growth. Defining the balance of the surplus will be subordinate. The amount of interest would then depend on the country's capability to generate a trade surplus without feeding inflation. Dauster says that the government has already defined the government's 1990 budget and the amount set aside to pay the interest in 1990 amounts to the equivalent of 30.2 billion cruzeiros.

Rezek Notes Advantages of Regional Common Market

PY0208182690 Rio de Janeiro O GLOBO in Portuguese 24 Jul 90 p 23

[Text] Brazilian Foreign Minister Francisco Rezek has listed the following positive features in connection with the creation of a Latin American common market: The end of protectionism, especially the barriers affecting farm products, the transfer of technology, and the implementation of clearer and healthier rules for the operation of the international market. The minister last night delivered a lecture about "foreign policy and economy" at the War School. On 1 and 2 August, the Brazilian and the Argentine presidents will meet in Brasilia to analyze a common answer to U.S. president George Bush's proposal for the Americas, in which the U.S. chief of state proposed to promote exchange from Alaska to Patagonia.

The minister said that the initiative is positive but it is necessary to know the details. Consequently, it is now necessary to know more about the proposal.

He said: "We are living a time of deep international transformation and this is very good, because it means the end of the cold war and of the system with two centers of power, and the growth of democratic sectors, all of which will produce healthier and freer commercial relations."

Rezek believes that healthier international commercial rules can compensate for the economic marginalization that has been imposed on the southern hemisphere, while the northern hemisphere has gone through a period of rapid growth.

"The rules of the game in the international economy have caused considerable suffering to countries like those in Africa. The end of protectionism could now be a way of changing the situation. For example, the protectionist barriers in the area of agriculture that affect soybeans and that have closed the U.S. market to Brazilian soybean production because of the subsidies paid to U.S. producers.

Minister Rezek does not believe that the Latin American common market is being created with the intention of exercising influence on foreign debt negotiations. He said, however, that when there is political and economic integration, it is possible to speak the same language in a louder voice.

Argentine Minister Discusses Common Market Group

PY0208224390 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 Aug 90 p 25

[Text] Brasilia— After meeting with Economy Minister Zelia Cardoso de Mello on 31 July, Argentine Foreign Minister Domingo Cavallo reiterated that Presidents Fernando Collor and Carlos Menem stated in Buenos Aires that they were "pleased" to have received President George Bush's proposal for Latin American. Cavallo said that he did not wish to comment on the remarks made in Rome by Foreign Minister Francisco Rezek, who said that "when the U.S. President studies initiatives for the union of Latin America he is thinking of the Northern Hemisphere as though Latin America did not exist, therefore we need to make ourselves known as a continent.

Cavallo is in Brasilia today participating in a meeting of the foreign ministers of Brazil, Argentina, Chile, and Uruguay who will discuss the creation of a common market within the Southern Cone.

According to Cavallo, the only discussions that took place during his talk with Minister Zelia Cardoso concerned bilateral topics related to the points discussed by Collor and Menem during their Buenos Aires meeting.

Cavallo indicated that it was decided to create the common market group, which will meet for the first time in September. The group will be made up of four officials from the Argentine and Brazilian Foreign Ministries and four officials from the Economy Ministries.

Cavallo reported that there are many topics to be discussed by the group, such as the harmonization of the fiscal, tax, and tariff policies, in addition to the macroeconomic topics between Brazil and Argentina. According to the foreign minister, from now on, every month there will there will be reductions of trade barriers between the two countries.

Bolivian President Jaime Paz Zamora is also interested in these topics and he will visit Brazil on 14 and 15 August. According to Bolivian spokesman Gustavo Fernandez, an energy agreement between the two countries will be signed by the two presidents. The objective is to build a 557-km gas pipeline between Santa Cruz de la Sierra, Bolivia, and Puerto Suarez on the border with Brazil. According to the spokesman, the pipeline will cost $600 million.

Text of Provisional Measure 199 Published

PY0208184790 Rio de Janeiro O GLOBO in Portuguese 28 Jul 90 p 3

["Text" of Provisional Measure 199, issued in Brasilia on 26 July]

[Text] This provisional measure regulates the guarantee of the effective salary and other provisions.

The president of the Republic, exercising the authority granted him by Article 62 of the Constitution, endorses the following provisional measure, which is binding as law:

Article 1. The effective salary of each economic or professional category will be guaranteed according to that category's first effective base date following publication of this provisional measure.

Article 2. The following rules must be taken into consideration in implementing this provisional measure:

I. The base date is that which establishes annual salary readjustments and other labor conditions applicable, for a period of one year, to the individual working conditions of each economic or professional category;

II. The effective salary is that which ensures, through a compensatory readjustment for previous inflation losses, the same purchasing power established under the last labor agreement or collective labor bargaining period;

III. The Salary Recomposition Factor [Fator de Recomposicao Salarial] (FRS) will be the unit of value used to calculate the effective salary.

Article 3. The effective salary to which the former articles refer, expressed in FRS, will be calculated in the following manner:

I. The monthly salary must be divided by the FRS corresponding to the day of effective payment; and

II. By calculating the average FRS of the monthly salaries under the last labor agreement or labor bargaining period.

Paragraph 1. In cases of either complete or partial salary advances, the division mentioned in Clause I must be applied, using the FRS value which corresponds to the day each advance payment was made.

Paragraph 2. With no detriment to employees' right to payments, the following features will not be included in the calculation of effective salaries:

I. The Christmas bonus or equivalent payment;

II. Unusual payments;

III. Vacation pay; and

IV. Premium pay.

Paragraph 3. The premium pay mentioned in Clause IV will be applied after converting the effective salary into cruzeiros, using the FRS value which corresponds to the last day of the month of the base date referred to in Article 1.

Article 4. The effective salary, calculated according to the provisions of Article 3, will be converted into cruzeiros using the FRS value that corresponds to the last day of the month of the base date established in Article 1.

Article 5. The value of the FRS will be taken to be 1.0 cruzeiros on 1 March 1989 and will be corrected by the daily pro rata variation of the Consumers Price Index (IPC) calculated by the Brazilian Geography and Statistics Institute (IBGE) for the month in which the FRS is applied.

Paragraph 1. The economy, finance, and planning minister will release, on the first working day of each month, an updated table of FRS values. The table will be based on the estimated value of the IPC for the months for which the IPC has not yet been calculated.

Paragraph 2. The FRS will be automatically null on 1 August 1991.

Article 6. If the IPC estimated value is different from what is actually determined, thus forcing changes in the FRS values, and in compliance with the principle of the nonreduction of salaries, the effective salary will be adjusted on the second month after the base date, as defined in Article 1. The difference between the salary adjustments and what has already been advanced to workers as of the base date will be paid:

I. By recalculating the value of the effective salary by applying the updated FRS value table, as provided in Article 3, and converted into cruzeiros, as provided in Article 4; and

II. By subtracting the salary established at the base date from the recalculated value, as established in the previous clause, the accumulated IPC variations of the previous two months and of the previous month, respectively, will be applied to the differences.

Article 7. Provisions in previous articles do not prevent the employer from making adjustments to his employees' salaries in order to preserve the respective job, salary, and career structure, provided salaries are not reduced.

Article 8. Allowing for free salary negotiations between employees and employers under the terms of Article 3 of Law 8030, dated 12 April 1990, salary readjustments will be made:

I. On the base date for the respective professional category; and

II. One other time only, between the base date for a year and the following year's base date, if so established in a collective bargain agreement or by a court decision in a labor litigation.

Article 9. A full 3,000-cruzeiro bonus will be granted, in August 1990, to workers whose salaries plus bonus will not surpass 26,017.30 cruzeiros.

Paragraph 1. The bonus to be paid to workers whose salaries plus 3,000 cruzeiros surpass 26,017.30 cruzeiros will be reduced so that the salaries plus reduced bonus will not surpass 26,017.30 cruzeiros.

Paragraph 2. The bonus referred to in this article will not, under any conditions, be incorporated into the salary, nor will it be subject to any form of taxation.

Article 10. The cost of the readjustment and bonus referred to in this Provisional Measure must not be added to prices.

Single Paragraph. Violation of this article's provision will be considered a violation of Line "A" of Article 11 of Delegated Law 4, dated 24 September 1962, and liable to penalties established in the introductory paragraph of Article 11 and in Article 12 of the same law, as modified by Law 7784, dated 28 June 1989, and Law 8025, dated 27 April 1990.

Article 11. Clauses in labor agreements authorizing salary readjustments that are at variance with the provisions of this provisional measure are null.

Article 12. All articles but Article 9 do not apply to salaries, wages, or remunerations of public servants, both civilian and military, in central, self-governed, or foundation-like agencies of the federal public administration.

Article 13. Provisions in this provisional measure do not apply to retirement benefits or pensions paid by the federal government or social security.

Article 14. The Economy, Finance, and Planning Minister will issue instructions necessary for compliance with this provisional measure.

Article 15. Acts that have been performed under terms of Provisional Measure 193 of 25 June 1990 are confirmed.

Article 16. This Provisional Measure will be in force on the date of its publication.

Article 17. All provisions to the contrary are rescinded.

Brasilia, 26 July 1990; 169th of Independence and 102d as a Republic.

Fernando Collor de Mello, President

Zelia Cardoso de Mello, Economy, Finance, and Planning Minister

Antonio Rogerio Magri, Labor and Social Security Minister

Government Reduces Payroll Expenses by 50 Percent

PY0208135890 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 2 Aug 90

[Text] With personnel actions involving 210,000 public employees, as part of the administrative reform, the government has managed to reduce its payroll expenses. According to Administration Secretary Joao Santana, 147,000 employees have so far been dismissed, 50,000 others are waiting for reassignment, and 13,000 others have been retired.

The administration secretary made this announcement in Rio de Janeiro yesterday afternoon during a seminar on industrial expansion, with businessmen and government representatives participating. Joao Santana said that with the dismissal of 210,000 federal public employees, the government has managed to reduce by 50 percent the current budget's payroll expenses. Last February, Santana added, a month before President Collor was installed in power, 95 percent of the current budget was allotted to the public employees payroll. Santana explained that the whole administrative reform project is aimed at reducing the overall payroll for which the National Treasury is responsible by 10 percent.

Santana described the criticisms of the administrative reform as great nonsense. He said the criticisms were made by people who do not understand anything about the subject, who do not know the law, and who even have political interests in this issue. If he were to pay attention to these criticisms, Santana said, the government should spend nearly nine percent of the GDP on the political exploitation of the public servants employment issue. The administration secretary reminded those who consider that the 210,000 dismissals as a large figure, that the government has a total of 1.6 million public employees.

Government Hikes Fuel Prices by 8.5 Percent

PY0308011390 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 2 Aug 90

[Text] The government just announced a fuel price hike of 8.5 percent. One liter of gasoline will now cost 40.04 cruzeiros without state tax; one liter of alcohol fuel will cost 30.05 cruzeiros; one liter of diesel oil will cost 19.5 cruzeiros. The increase becomes effective at midnight tonight.

July Inflation Rate Totals 10.79 Percent

PY0308232290 Sao Paulo FOLHA DE SAO PAULO in Portuguese 31 Jul 90 p B-1

[Summary] According to the Fiscal Value Readjustment Index, the July inflation rate totaled 10.79 percent.

Chile

U.S. Senate Move on Fruit Tests Criticized

PY0208125490 Santiago Domestic Service in Spanish 2300 GMT 1 Aug 90

[Report by Antonio Cofre]

[Text] The Chilean Government has expressed its concern over the U.S. Senate approval of legislation aimed at establishing equal conditions for the inspection of fruit imported by the United States.

The U.S. Senate has approved regulations extending marketing orders to kiwis, plums, nectarines, and apples sold to the U.S. market. The marketing orders [preceding two words in English] impose requirements such as size, appearance, quality, and ripeness on agricultural products .

Acting Foreign Minister Edmundo Vargas has disclosed a Foreign Ministry communique, pointing out that these types of protectionist trends not only threaten to distort international trade, but they also directly contradict the policy of liberalizing international trade that has been favored by successive U.S. Administrations.

Vargas added that we note with great concern that the spirit of North American President George Bush's Initiative has been violated, even before it was implemented, by efforts to impose new restrictions on international trade.

[Begin Vargas recording] A few weeks ago, President George Bush announced the so-called Americas initiative, one of whose objectives is to advance toward a greater opening of hemispheric markets.

The Chilean Government welcomed this initiative as our country fully agrees with the liberalization goal pursued by this initiative. [end recording]

Vargas indicated that Chile does not want favorable treatment, but it asks that the entry of its products into foreign markets be governed by standards of fair competition, based on mutual advantages.

The acting foreign minister said that the Chilean Government will use all the appropriate diplomatic channels to confront these protectionist measures that restrict Chilean trade.

Socialists, Communists Urge Pinochet Resignation

PY0208131890 Santiago Domestic Service in Spanish 2300 GMT 1 Aug 90

[Text] The regional committees of the Socialist and Communist Parties have demanded the resignation of General Augusto Pinochet from all his posts. They also strongly criticized the government.

Leader (Max Lolier) said that there are political prisoners in Chile.

[Begin (Lolier) recording] We want to say in a very categorical manner that to us there are obviously political prisoners in this country. Whoever denies this is wrong. We believe that the press reports on the position of the [passage indistinct] the report was partial. Should anyone insist on it, as in this (?paragraph), we will categorically state that there are political prisoners in our country and that we support the release of all political prisoners, without exception. [end recording]

The statement by both Marxist parties also demanded compliance with the government program on labor matters, noting that the reform projects sponsored by the executive branch do not meet the workers' legitimate demands.

The parties advocated the strengthening of the CUT [Central Labor Union], asking for political support for the legalization of the Socialist and Communist parties.

Consumer Price Index for July, Past Year Noted

PY0208224890 Santiago Radio Chilena Network in Spanish 1700 GMT 2 Aug 90

[Report by Maria Cristina Brudant]

[Text] According to information supplied by the National Institute of Statistics, the consumer price index, IPC, totaled 1.7 percent in July. The cumulative IPC for the first seven months of this year totaled 13.0 percent and for the past 12 months 24.6 percent.

Colombia

Foreign Minister Condemns Invasion of Kuwait

PA0208153090 Bogota Radio Cadena Nacional in Spanish 1306 GMT 2 Aug 90

[Interview with Foreign Minister Julio Londono by Antonio Jose Caballero in Bogota on 2 August—recorded]

[Text] [Londono] We have been in touch with our mission at the United Nations since late last night. As you know, Colombia is part of the UN Security Council. Our mission there held a series of meetings with the representatives of the permanent and nonpermanent member countries early this morning. At the end of these meetings, Colombia sponsored a UN Security Council resolution condemning the Iraqi invasion of Kuwait. Our position on that incident is extremely clear. We categorically and definitely reject an armed action of this nature.

People cannot establish procedures [words indistinct] demanding the immediate withdrawal of the Iraqi troops from Kuwait. There is absolutely no justification for that action. We cannot accept any justification for an armed action of this nature.

[Caballero] The invading government is in any case a dictatorial government. Do you think there would be any reason for the Iraqi Government to step out of Kuwait?

[Londono] As we stated in the United Nations, we believe that it is necessary for the Iraqi Government to order the immediate return of its troops to Iraqi territory, because if it fails to do so, a dangerous situation could arise, thus endangering world peace and security.

[Caballero] Have you gotten in touch with the Arab countries to try to figure out a solution to this problem?

[Londono] We have talked to representatives of some of the Arab countries, but we are basically waiting to see how things develop in Kuwait. The reports we have thus far state that besides some isolated military actions that are taking place in that country, there are no large-scale military actions. It seems that the military actions have been completed and therefore we simply believe that efforts should be made—and are being made by the United Nations and the Arab community—to prevent this action from becoming a generalized conflict in the region, because such an action would have extremely serious consequences for world peace and economy.

[Caballero] In other words, Colombia continues promoting more meetings to try to [words indistinct] through the UN Security Council?

[Londono] Yes, of course. We are promoting these meetings because it is our duty and concern to do so for as long as we are members of the UN Security Council.

[Caballero] Let us change topics, Mr. Foreign Minister. There will be no more appointments during the last few days of this government?

[Londono] Diplomatic appointments were suspended by the government some time ago. Appointments announced during the last few days have been obviously consulted [with the new authorities]. President Barco is not planning to make any other appointments during the next few days.

Gaviria, M-19 Member Comment on Agreement

PA0208194690 Bogota Inravision Television Cadena 1 in Spanish 1756 GMT 2 Aug 90

[Text] A few minutes ago, an agreement on the Constituent Assembly was finally signed. The document, consisting of five points, 23 pages, and 10 topics was supported by new Government Minister Julio Cesar Sanchez, and representatives from the Social Conservative Party, the National Salvation Movement, and the 19 April Movement [M-19].

On 9 August President-elect Cesar Gaviria Trujillo will issue a decree calling Colombian elections on 25 November 1990, when Colombians will elect the members of the Constituent Assembly and will either vote in favor or against its creation.

The agreement signed today by President-elect Gaviria and political party representatives is based on five points. It contains general institutional amendments, summarized in 10 points.

The agreement states that starting on 15 January 1991 and for 180 days, the Constituent Assembly will draft the constitutional amendments. The Assembly will be made up of 70 members, including spokesmen from the guerrilla groups that have accepted the peace plan.

The important political agreement signed today was based on proposals made by President Gaviria, which were delivered on 22 and 28 July.

[Begin Gaviria recording, in progress] ...the topics included in this agreement will be the point of reference of a decree that will enable the sovereign people to establish the limits to the Constituent Assembly so that it can fulfill its mission. Since this democratic process must continue, we invite the people—particularly the nation's social, political, and regional forces—to actively participate in the summoning and creation of the Constituent Assembly on 25 November 1990 [end recording]

We have a last-minute report. A news conference on the Constituent Assembly Agreement has just ended. It gave a green light to national policy and united all parties around President-elect Cesar Gaviria.

Gaviria, and M-19 Representative Antonio Jose Navarro Wolf were present at the news conference. Here are their statements:

[Begin recording] [Gaviria] I must clarify that the agenda is a proposal, a proposal made by political forces, a proposal that the president of the republic will promulgate in a legislative decree. However, the final decision on the agenda will not be made by the political forces or the president of the republic, but the Colombian people in the 25 November elections. Of course, it could happen that a member of the Constituent Assembly may have an initiative that was not included in the agenda. The regulations will determine what to do in such cases, and of course it will be clearly specified that matters not included on the agenda will not be discussed by the assembly.

[Navarro] I believe it is advisable to carefully read the proposed agenda, which is not as restrictive as some national sectors have said. Furthermore, based on the agenda that will be subject to debates, a very serious and broad constitutional reform can be can accomplished. [end recording]

Police Uncover Alleged Plan To Attack Gaviria

PA0308012990 Bogota Inravision Television Cadena 1 in Spanish 0011 GMT 3 Aug 90

[Text] The Bogota police force announced today that it is on the trail of a group of six paid assassins from Medellin

who arrived in Bogota 25 days ago to plan an attack against Colombia's president-elect on the day of his inauguration.

The house occupied by the paid assassins is located in the Leon 13 neighborhood in Bosa Municipality, south of Bogota. The Metropolitan Police found three new Israeli-made mini-Uzi submachine guns, their respective ammunition clips, 9-mm Peruvian-made ammunition, DAS [Administrative Department of Security] and F-2 [narcotics police] badges, and metal handcuffs hidden in the house's small backyard.

[Begin recording] [Reporter] Who lived in the house?

[Unidentified policeman] Narcoterrorists.

[Reporter] Are you sure they were planning attacks on 7 August?

[Policeman] Yes.

[Reporter] In what part of the city?

[Policeman] At the president's inauguration.

[Reporter] At the very square? The [word indistinct] square?

[Policeman] This is what we presume. [end recording]

The Metropolitan Police confirmed that the paid assassins arrived from Medellin 25 days ago and had purchased the house four months ago. In their escape from the house they left behind recently purchased furniture, food, and clothing. A list of recent purchases was dated 12 June 1990.

National Police Investigating Members

PA0208220790 Bogota Radio Cadena Nacional in Spanish 1219 GMT 31 Jul 90

[Text] Bogota—The National Police Directorate is trying to determine if several policemen have been involved in various criminal and fraudulent actions throughout the country before deciding to discharge them, official spokesmen have confirmed.

In addition, police director General Miguel Antonio Gomez Padilla said that 800 policemen who have been accused of serious offenses have been discharged since January. The movement to professionalize the police, aimed at recovering the confidence of the Colombian people will not stop.

* Editorial Views U.S. Trade Initiative

90SM0173C Bogota EL TIEMPO in Spanish 30 Jun 90 p 5-a

[Editorial by Abdon Espinosa Valderrama]

[Text] It is not easy to evaluate the precise features of the "Initiative for the Americas" presented by President Bush without studying the entire text of the measure, the specific scope of its execution, and its treatment of the different levels of development among the countries involved. It is presumably a realistic and flexible plan, as long as it is not limited to theoretical proposals and does not preserve and aggravate the explosiveness of the current imbalances.

The pillars on which the plan rests—trade, investments, and foreign debt—encompass the critical issues of the troubled economies in this region. In fact, as asserted by President Bush, these nations need some breathing room, an escape valve to help them deal with the overwhelming burden of that debt. Devoting around 50 percent of the total sum of exports to the servicing of this debt is no small feat, especially considering that these exports encounter so many obstacles on international markets and must compete with the heavily subsidized agricultural production of the industrial powers.

Colombia's case is unique because of the scrupulous fulfillment of its obligations; to be sure, thanks to this conscientiousness, Colombia has been able to obtain fresh resources to offset, to a certain extent, the amounts it must pay toward the principal. But we know very well the degree to which the policies of the World Bank, added to other factors that are internal in nature, are exposing Colombia to the risk of transferring out its own savings just when it needs them the most, and when it deserves external financial support.

The figures and the debt-reduction terms offered by the United States are not very encouraging. The benefit to the Colombian economy would be nil or very insignificant. But it is exciting that President Bush is opening the doors to the clarification of the matter and that he is expressing his overall concern about it. In this manner, his political will is facilitating the search for more effective formulas than those that failed in the immediate past. This is especially true given the intended link with multilateral financial agencies (World Bank, Inter-American Development Bank, and International Monetary Fund), whose function enables them to lend decisive support to proposals such as that of the American president.

It is also laudable that he is focusing on the Americas, their democratic evolution and their economic difficulties, when the political transformation of East Europe is polarizing the world's attention and the imminence of the single market of the European Community is a clear indication of the strengthening of its vast potential.

It was not logical for the Andean countries to receive extremely clear signals of sympathy and solidarity from that powerful part of the world, such as the elimination of tariffs on our agriculture-livestock products and support for Colombia's inclusion in the GATT Code of subsidies, while at the same time U.S. officials were echoing the hostility of pressure groups against some of our vital exports and ignoring or challenging our right to take advantage of one of the instruments of that international treaty.

One of the most salient aspects of President Bush's initiative is the dream that the Americas, in addition to being the first fully free and democratic hemisphere, will become a free trade zone in which we are all equal, from Alaska to Tierra del Fuego. In furtherance of this goal, his government is willing to undertake bilateral free trade agreements. That is, it would be willing to extend the pact it has begun to negotiate with Mexico and to revive the integration program that has not been possible to carry out at the level of Latin America as a whole or even within the Andean Subregional Group.

What about the system that is about to be devised in conjunction with Mexico? It calls for a free trade zone that would bring together Mexico, the United States, and Canada for a market of nearly 400 million inhabitants, similar to that of the European Communities in 1992 or the one Japan is promoting in Asia. According to the FINANCIAL TIMES, the United States accounts for 70 percent of Mexico's annual $50 billion in trade, while Mexico is the United States' third largest trading partner. Two-thirds of foreign investment in Mexico comes from its northern neighbor, while Mexicans own assets valued at $40 billion in that country, most of this investment being the result of capital flight.

The two countries share an extremely long border, along which an entity with common political, economic, and cultural features has prospered. The so-called "maquiladora" industry, which involves the assembly of materials imported from the United States, provides employment for 470,000 Mexicans in that area. In spite of that, many laborers emigrate to the United States each year, attracted by the splendor of American civilization.

Despite the mutual resentment, all roads lead to integration. The United States would have a source of high-quality petroleum, cheap labor that would enable it to compete internationally, and a regulated flow of humanity that is now in disorder. Mexico would benefit from the market, particularly for its automotive industry; it would enjoy an anchor of monetary, economic, and fiscal stability; and it would be able to obtain the resources it needs for its development.

Are the conditions the same in the rest of Latin America? Not by a long shot. Nor would the consequences of setting up a continental free trade zone, following laborious country-by-country negotiations, be identical or even analogous. It is a beautiful dream, but an integration of that type could not be reached without taking into consideration the undeniable circumstances of the developing nations. Otherwise, instead of contributing to their progress, the effort might lead to a traumatic regression, or to a melancholy stagnation, or to the perpetuation of their backward state.

Until there is recognition of the importance of granting developing nations—specifically those of Latin America—general and non-reciprocal preferences, the bilaterally-negotiated Most Favored Nation clause, with its reciprocal treatment, will pose the threat of entrenched backwardness and dependency. What is worse, it will prevent the original comparative advantages from coming out on top. If there is so much resistance now to our exports of flowers and garments, just think what would happen with more processed goods.

Any integration process, to be successful, must be based on reality and not just generous utopias. For example, developing countries cannot and should not refrain from taking advantage of the export stimuli provided by the Code of Subsidies. Nor should they resign themselves to being suppliers of raw materials. They must be capable of manufacturing goods with those raw materials and of assimilating new technologies. These cowardly, anachronistic, and unenlightened attitudes would set us back 150 years. We must put the interests of the fatherland first and combat this unacceptable stupidity with prudent and responsible intelligence.

* State To Pay Compensation For Judicial Delays

90SM0173D Bogota EL ESPECTADOR in Spanish 30 Jun 90 pp 1-a, 7-a

[Article by Hector Hernandez M.]

[Text] Delays in judicial proceedings will place the government in financial difficulties because from now on, such foot-dragging will be considered detrimental to the citizenry and represent grounds for the payment of damages.

The fact that under Colombian law, deficiencies in the provision of justice services have been considered the exclusive responsibility of the judge, as long as it can be proven that he or she has acted with dolus or deceit, "does not mean that this responsibility cannot coexist alongside that of the administration."

In this manner, the Council of State has opened up the possibility that for the first time in the country's judicial history, contentious jurisdiction has ordered the state to pay damages for failings in the administration of justice.

Therefore, if the government gives the judiciary deficient human and logistical structures and working facilities, such shortcomings will act like a boomerang, in that it will have to pay damages for the harm caused by delays in court proceedings.

The majority of the judges in Section 3 of the high court disagreed with arguments presented in a judgment that had absolved the Colombian Government of any responsibility for delays in a criminal prosecution.

Key Clarifications

Through the explanations and exceptions accompanying the votes of council members Carlos Betancur Jaramillo, Gustavo De Greiff Restrepo, and Antonio De Irisarri in their votes, the Council of State agreed that the delay of justice is a defect in service and therefore represents grounds for damages.

As a result, Magistrate Julio Cesar Uribe was alone in defending the old notion that "in Colombian law the state is not responsible for cases in which the judge proceeds with dolus, deceit, or abuse of authority, or when he fails to issue or, delays without good cause a decision or the corresponding provisional decision, or when he operates on the basis of an inexcusable error."

In Case No. 5451, Section 3 did not uphold a judgment ordering the government to pay damages for delays in a criminal matter, because there was no show of prejudice, not because contentious jurisdiction does not allow it.

Administrative contentious jurisdiction applies to lawsuits filed between private individuals and the state, represented by the three branches of government, the executive, legislative, and judicial branches.

Reconsideration

Council member Carlos Betancur stated in the explanation of his vote that "it cannot be asserted categorically that Colombian law does not hold the state responsible for defects in judicial services, because the personal failings of the judges were taken into account.

"Although legal doctrine and jurisprudence have traditionally been reluctant to extend the principles of administrative responsibility to the judicial sphere," continued Betancur, "there are cases, especially in the very administration of the service, that demonstrate defective functioning and hence the possibility of holding the government responsible.

"If the judge can be held accountable for his conduct, as such, in relation to a given proceeding, there is no reason why the state, which is responsible for the service institutionally, cannot also be held accountable, especially when it contributed to the prejudicial situation," added Betancur in his explanation.

Poor Organization

Outgoing council member Antonio De Irisarri stated in the explanation of his vote that "laying down the principle that establishes a defect, based on the hypothesis that there cannot be a defect in the service itself, but only a personal failing, is not only not the 'juridical truth' as asserted, but is frankly inaccurate."

He said that "it may be that a delay in processing and ruling on a case is not due to the personal conduct of the official, but rather to the inadequate organization of the public service of justice.

"The fact that the official has good cause for the delay does not and cannot lead to the conclusion that the government can never be held accountable for this matter, as stated in the judgment. No. Quite the contrary," said De Irisarri.

Magistrate Gustavo De Greiff, in the exception accompanying his vote, had this to say: "The writer of the opinion completely forgot about Article 16 of the Political Constitution, which among us is the basic foundation of the entire body of law that has arisen around the extra-contractual responsibility of the state. It cannot be said that the branches or organs of public power are excluded from the obligations set forth therein."

* Retail Sales Slow Due To Low Demand

90SM0173E Bogota EL TIEMPO in Spanish 25 Jun 90 p 9-a

[Excerpt] Commercial activity got off to a bad start this year. While industrial production has grown faster than expected, retail sales have remained stagnant during the first three months of the year.

Figures provided by the National Administrative Department of Statistics (DANE) indicate that between January and March retail sales in the 12 main cities fell in real terms.

Sales rose by 25 percent in current pesos, but when adjusted for inflation, the result was a real decline of 0.9 percent. Industrial production, meanwhile, rose by 9 percent in real terms, not including coffee processing.

This result, during a period of greater demand due to the increase in salaries, is disturbing because it indicates slippage. Throughout last year, which was one of the worst in terms of commercial activity, sales grew by 0.2 percent.

Particularly worrisome is the fact that the downturn is becoming steeper. The decline of 0.9 percent in purchases, compared to a fall of 4.1 percent [as published] in the first quarter of last year, means that the growth rates of 6 and 8 percent recorded in the first quarters of 1987 and 1988 have faded into the distant past.

Depressed Sectors

The vehicles and spare parts sector is the most depressed. DANE figures, following a change in methodology in March, indicate that sales in this subsector dropped 11.25 percent.

This performance is compatible with what has happened in industrial production. In the first three months of the year, the transportation material and equipment subgroup underwent a decline of 6.6 percent.

Although the DANE does not include in its statistics the growth of commerce exclusive of vehicles and spare parts, it is possible that in other commercial activities the situation is less dramatic.

Another subsector that has lagged behind is that of clothing, textiles, and shoes. In the first three months, sales of these products declined by 5.7 percent. They were followed by "unclassified products," which fell 5 percent.

Hardware items and construction materials also performed poorly, with a drop of 1.4 percent.

According to the National Federation of Businessmen (FENALCO), other sectors reporting slumping sales were books and stationery, records, and jewelry and watches.

The overall figures could have been worse if it were not for the performance of certain subsectors. The most outstanding was that of crockery shops, bazaars, and miscellaneous businesses, which experienced nominal sales growth of 42 percent, with a real growth rate of 7 percent.

The second-best subsector was pharmacies, with a real increase of nearly 3 percent, even though these products went up in price sharply in the initial months of the year.

Foods, beverages, and tobacco sales were up 2.1 percent in real terms. Although this is an acceptable figure considering the poor performance of commerce in general, it is low compared to the growth of industrial production in these sectors, which ranged from 12 to 15 percent during the same quarter.

Another subsector that experienced some growth, though limited, was that of furniture and household appliances: 1.1 percent. This indicator, at least in the case of furniture, contrasts with the growth of 12 percent in industrial production in this sector.

Very Little Demand

FENALCO President Sabas Pretelt de la Vega believes that the low results of the commerce sector are due primarily to the slump in demand.

The survey conducted in May in conjunction with the Education and Development Foundation (FEDESARROLLO) revealed that 40 percent of merchants regarded that as the most serious problem. This is a disturbing indicator for this time of year.

The low demand, according to FENALCO, can be explained by the effects of the cost of living, which has eroded buying power. Cumulative inflation for the first five months is 15 percent, the highest rate in 19 months.

Terrorism has also had its impact, as can be seen in Mother's Day and Father's Day sales figures. On the other hand, the resurgence of smuggling is evidenced by the "Sanandresitos."

As is only logical, job creation in the sector has been affected. The DANE statistics indicate that between January and March new employment in the commerce sector grew by only 0.62 percent, half the figure for the manufacturing industry.

Merchants are worried that things will not improve in the coming months. If this is so, commerce may even fall short of the 2 percent projected by the Education and Development Foundation (FEDESARROLLO). [passage omitted]

Paraguay

Minister on Presence of U.S. Military Advisers

PY0308024090 Asuncion ULTIMA HORA in Spanish 2 Aug 90 p 12

[Text] Defense Minister General Angel Souto Hernandez has denied charges made by the Popular Democratic Party [PDP] to the Chamber of Deputies concerning the presence of regular U.S. Armed Forces troops in Paraguay. Following a meeting with Souto Hernandez, Antonio Salum Flecha, chairman of the Chamber of Deputies Foreign Affairs Commission, said:

"Souto Hernandez has denied the presence of U.S. regular troops in our territory. He admitted, however, that U.S. military advisers are training our Armed Forces troops to carry out certain types of maneuvers, and that this training is also conducted by Argentine and Brazilian advisers." According to Salum Flecha, Souto Hernandez said that "diplomatic notes on these types of maneuvers have been exchanged since 1943. These agreements, which have been successively extended and ratified, were suspended during President Jimmy Carter's administration due to the deterioration of U.S.-Paraguayan relations under the former regime. These maneuvers have been resumed because of the good relations prevailing between the two countries."

Souto Hernandez also said that "as a result of these agreements, the U.S. Government has been authorized to establish an Air Force military mission in Paraguay aimed at improving the performance of the Paraguayan Air Force. The U.S. Government has also been authorized to cooperate with the Armed Forces commander by sending military trainers to the National War College and by providing other services agreed upon between the chief of the U.S. mission and the chief commander of the Armed Forces," Salum Flecha added.

He said finally that the issue of U.S. troops in Paraguay, that was denounced by the PDP to the Chamber of Deputies, has thus been clarified.

Rodriguez Reflects on Attorney General Situation

PY0208215290 Asuncion ABC COLOR in Spanish in Spanish 2 Aug 90 p 2

[Text] Answering a question concerning the situation of Attorney General Diogenes Martinez, President Andres Rodriguez said yesterday: "I requested his resignation through (Hugo Estigarribia),the justice and labor minister." The president made this comment during a conversation with reporters in Caacupemi, a district in Aregua, where he dedicated a housing project for low-income families yesterday afternoon.

President Rodriguez recalled that the attorney general refused to resign, saying: "Of course he has the right not to resign if he so chooses."

He said that a way will be found to get Martinez to resign. He added: "Perhaps by requesting his resignation in a different manner. According to the law, some actions can be taken; perhaps his resignation can be obtained."

Asked whether he still trusts Martinez, he said: "It is not that I no longer trust him, but I need to make some changes to see if we can work better, in a more coordinated manner. That is all I want. It is not that I no longer trust him."

In response to a question on whether the dismissal of the attorney general can be considered a reality in practice, he said: "It is a fact, without a doubt."

Asked if more changes can be expected, Rodriguez said: "Yes, by 15 August."

Regarding the recent dismissal of Agriculture Under Secretary Juan Esteche Fanego, Rodriguez said: "You can interpret the Esteche case better than I can. I believe that the time to talk about revolutions has passed."

He went on to say: "When the executive branch makes a change, under no circumstance does that mean that it is against the Colorado Party. If the executive branch takes action against a person or government official, that does not mean it is going against the Colorado Party."

He emphasized that "an individual is not a party" and noted that he maintains good relations with all movements of the Colorado Party. He called for the total unification of the party as soon as possible.

Regarding a statement made by Luis Maria Argana, former foreign minister and president of the Colorado Party, that on 30 July he held a friendly conversation with Rodriguez, the president said: "Why not? We are friends. No, he did not become my enemy just because I asked him to resign."

Rodriguez concluded by saying that "government obligations are one thing and friendship another. I believe that there are no differences between us."

Military, Police Break Up Criminal Ring in Chaco

PY0208235590 Asuncion Radio Primero de Marzo in Spanish 2205 GMT 2 Aug 90

[Text] A gang of bandits that was using the uniforms of the Paraguayan Army has been broken up in the Paraguayan Chaco. This information was provided by Presidential Spokesman Juan Ernesto Villamayor who read the document that had been issued by General Regis Anibal Romero, chief of the Military Household.

According to reliable sources, the gang of bandits had been operating in the Paraguayan Chaco and its members, who pretended to be military men, are presumably involved in the trafficking of hides, assaults against private property, armed assaults, and drug trafficking.

The criminals were headed by Felix Vera Garcia, who dressed as an Army captain, and by Gregorio Sosa, who used the rank of major of the Paraguayan Army, according to the document read by Villamayor.

[Begin Villamayor recording] The Military Household of the Presidency informs public opinion:

Through a letter, the commander in chief of the Armed Forces learned of an alleged invasion of private property and assaults in the area of General Diaz Lagoon, Alto Paraguay, Chaco, by persons dressed in uniforms of the Paraguayan Army, who carried weapons of various calibers, and who were under command of an alleged Army first lieutenant.

Measures were immediately taken and, because no legitimate authority had ordered such an action, the commander in chief of the Armed Forces ordered a Joint Task Force to be formed of members of the military and police force. They departed from the Silvio Petirossi International Airport on 30 July at 1420 to investigate the incident and to capture the alleged criminals.

At 1700 on the same day the joint task force arrived at the place of the incident. The mission was carried out without violence.

The action resulted in the capture of the gang, whose members were usurping the uniform of the Paraguayan Army. The gang was lead by the alleged first lieutenant Arnaldo Bauza [as heard].

It has been established that the paramilitary group had been contracted by Felix Vera Garcia, who called himself an Army captain, and by Gregorio Sosa, an alleged Army major. Both of these individuals were also captured.

The perpetrators will be placed at the disposal of the courts today and investigations will continue to clear up this serious crime.

Through the office of the Military Household, the president and commander in chief of the Armed Forces reminds the citizenry that the use of military uniforms and the use of weapons is an exclusive right of the legally installed authorities. And at the same time he urges the population to cooperate in the identification of persons or groups that illegally use military weapons and uniforms, seeking to create a state of concern among the population.

Asuncion, 2 August 1990. [Signed] Brigadier General Regis Anibal Romero Espinola, chief of the Military Household of the Presidency. [end recording]

Members of Brussels Drug 'Network' Arrested

PY0208164490 Asuncion HOY in Spanish 2 Aug 90 p 21

[Text] "HOY" newspaper has learned from a confidential source that members of the "Brussels Network" were

arrested in the past few hours in Asuncion and in Belgium, and approximately 50 kg of pure cocaine have been confiscated.

Through a coordinated operation among antidrug agents from Spain, Belgium, and the Paraguayan Interior Ministry, Spanish subject Ignacio Aparicio was arrested in Brussels. This man has been residing in Asuncion for several years where he performed as an artist. He was arrested in Brussels with a shipment of cocaine which he had taken along the Asuncion-Santiago-Madrid-Brussels circuit, the latter place being the distribution center of the valuable Bolivian drug.

Other persons, including women, whose names were not revealed for procedure reasons, were arrested yesterday during three operations carried out by antidrug agents and Judge Tomas Damian Cardenas in Asuncion. The police also confiscated a few kilograms of cocaine. Other drug trafficking "contacts" have also been identified and they will be arrested soon by local and European antidrug.

According to Ignacio Aparicio's testimony to the police, he received the drugs from Bolivia in Asuncion via Buenos Aires. He then personally took the drug to Spain and Brussels. According to our source, Aparicio—who is considered to be the brain of the "Brussels Network"—has permanent residence in Asuncion. The man was carrying 50 kg of "white gold" worth millions of dollars when he was arrested.

Aparicio is a friend of German citizen Erich Bunte who is currently imprisoned in Belgium, and who was arrested in Brussels some years ago with 126 kg of cocaine which he had taken from Asuncion inside soap boxes. Our source said that apparently, Aparicio continued to work with Bunte in the smuggling of cocaine from South America. Aparicio was arrested yesterday in Brussels through a precise report provided by the Paraguayan police to their Spanish counterparts.

The antinarcotics investigators pointed out that some Asuncion models who are friends of Aparicio are allegedly connected with the "Brussels Network." Apparently, some of the detained people gave the names of some models which have not yet been revealed.

The intense investigation carried out by members of the antinarcotics police of Asuncion, Madrid, and Brussels continues in order to arrest other members of the international network. More details of this spectacular procedure will be released soon.

Peru

Government Communique Protests Iraqi Invasion

PA0208234790 Lima Radio Programas de Peru in Spanish 2249 GMT 2 Aug 90

[Official Foreign Ministry Communique No. 013-90, issued in Lima on 2 August]

[Text] The Peruvian Government, given the invasion of Kuwait by Iraq, is issuing a strong protest because the action represents a violation of the international principle that bans the use of force in international relations. Also, the government is issuing an appeal to the Iraqi military forces, urging them to immediately withdraw from Kuwaiti territory.

Lima, 2 August, 1990.

Foreign Ministry

National Information Directorate

State of Emergency Declared in Yurimaguas

PY0208223390 Lima EXPRESO in Spanish 28 Jul 90 p 16

[Text] Supreme Decree No. 021-90, which was published in the official newspaper EL PERUANO on 27 July, indicates that the Armed Forces are exercising internal control in Yurimaguas Province (San Martin Department) and that a state of emergency has been declared in that province.

The decree also announces the suspension of the individual guarantees contained Paragraphs 7, 9, 10, and 20g of Article Two of the Constitution, which refer to the inviolability of the home, the right to meet, etc.

The measure was implemented due to the attack carried out by MRTA [Tupac Amaru Revolutionary Movement] subversives in that province during the early morning of 25 July.

During that operation the subversives destroyed the installations of the National Police (General, Technical, and Security Police), released prisoners accused of terrorism and of committing common crimes, and blew up high tension pylons.

Despite their superiority in numbers, the harbor area was the only place that the subversives could not could not take over because the Marines bravely faced the attackers.

A young Marine was killed in the clash and another three were wounded. It is not known how many casualties were suffered by the MRTA because they carried their wounded and dead away with them.

Paz Zamora Denies Terrorists in Bolivia

PY0208124190 Lima EXPRESO in Spanish 30 Jul 90 p 5

[Text] On 29 July Bolivian President Jaime Paz Zamora ruled out the possibility that Shining Path terrorists might infiltrate his country to escape police harassment in the southern sector of Peru.

Paz Zamora said: "There is no terrorist infiltration. That is not possible because we have adopted all measures to

prevent it." He added: "We prefer to find radical solutions," in allusion to the security measures implemented along the border to prevent the Peruvian terrorists from entering Bolivian territory.

Paz Zamora said that the antidrug struggle is achieving a "common success." He then described the next regional antidrug summit and the one held in Peru as very important.

In remarks to the press at the end of the military parade that was also attended by his Chilean counterpart Patricio Aylwin, Paz Zamora stressed the importance of U.S. aid in the antidrug struggle. He said that the coca leaf replacement by an alternative product is an appropriate measure to fight drug trafficking.

Cuba's Escalona Visits Senate President

PA0208221790 Lima Panamericana Television Network in Spanish 1800 GMT 1 Aug 90

[Text] Senate President Maximo San Roman was visited this morning by a Cuban delegation headed by Juan Escalona Reguera, president of the National Assembly of the People's Government, and Francisco Ramos Alvarez, Cuban ambassador to our country. Escalona and Ramos represented Cuban President Fidel Castro at the presidential inauguration ceremony held here in the Congress of the Republic on 28 July.

Escalona stated that President Alberto Fujimori has visited Cuba twice: as an adviser to the Agrarian University in 1980 and as a tourist in 1981. He said that rumors of problems between Cuba and Spain or between Cuba and the Soviet Union are false. Escalona added that these rumors were only to discredit the Cuban revolution, which he strongly defended by stating that it was a process of voluntary integration. He also noted that Cuban relations with the Soviet Union continue to be good and that mutual aid agreements between their countries are being carried out. The Cuban official stated that when the Soviet Union requested economic aid to the Group of Seven recently, U.S. President George Bush conditioned the aid to their breaking ties and agreements with Cuba. However, Escalona said that the U.S. conditions had been rejected by Soviet President Mikhail Gorbachev himself.

Chamber of Deputies Executive Board Elected

PY0308021890 Lima EL COMERCIO in Spanish 27 Jul 90 p A-4

[Summary] The Change 90 ticket was elected last night to form the Chamber of Deputies executive board for 1990, which will be made up as follows: Victor Paredes Guerra, president; Wilfredo Alvarez Valer and Oscar Cruzado Huby, vice presidents; Moises Miranda Moreno, first secretary; Jose Luis Hurtado Zamudio, second secretary; Carlos Castillo Hoyos, deputy secretary; Alejandro Victoria Mendoza, deputy secretary-librarian; Cesar Vargas Gonzales, treasurer; and Freddy Moreno Neglia, deputy treasurer.

Bank Meeting on Monetary Policy Measures

PA0208152190 Lima Panamericana Television Network in Spanish 1800 GMT 1 Aug 90

[Text] Starting today and until Monday, 6 August, the Central Reserves Bank will not conduct operations in dollars. We also report that commercial banks have renewed their attention to the public. Banks are attending people in a normal manner after the two-day bank holidays. Commercial, development, state, and associated banks have renewed their activities. The government ordered the closing of the banks to adapt and implement the economic policies required for its stabilization program.

The Central Reserves Bank has held its first regular meeting and decided not to use the dollar currency in the single foreign-exchange market until 6 August. During this meeting, the first monetary policy measures were supposedly to be decided. One of these measures is the elimination of the dollar from the single foreign-exchange market and the other would be to set a new type of exchange that is the only one to be used in the future.

Counterfeited Dollar Bills Sold on Black Market

PY0308002390 Lima EXPRESO in Spanish 28 Jul 90 p 13

[Text] Half a million counterfeit dollars, all in $100 bills, have been introduced in the black market in Ocona District [in Lima] by a gang of Peruvian criminals associated with Colombian drug traffickers. The Colombians supplied the counterfeited dollar bills.

Two members of this organization were captured yesterday by Technical Police personnel from La Victoria District. Those arrested are Jorge Villar Maylle, 25, and Carlos Enrique Bringas Mackay. Javier Bringas Mackay and another mafioso, who has not yet been identified, are still at large.

Villar Maylle used two 16-year-olds, taking advantage of their position of confidence with a powerful industrialist [as published], to change $15,000 worth of counterfeit bills for legal ones.

The police discovered that the minors delivered $5,000 to Villar Maylle for $15,000 in counterfeited bills.

These criminals have been operating this system since last year. They also used the system to exchange counterfeit bills with some dishonest foreign currency operators who paid 50 percent of the face value of the bills.

* Change 90 'Governing Plan' Outlined

90SM0175 Lima EL NACIONAL in Spanish
12-15 Jun 90

[12 Jun pp 11-14]

[Text]

Outline of the Governing Plan of Change 90

The governing plan of President-elect Alberto Fujimori is based on the three principles that he set forth as his campaign watchword: honesty, hard work, and technology.

Accordingly, he asserted time and again that he would brook no unethical behavior and would combat corruption, but without using these principles as weapons of revenge.

As for hard work, he will try to reactivate production to combat the economic crisis. To this end he will promote exports through exchange-rate measures, create a new currency, and facilitate an understanding between labor and management. In particular, he will spur small and medium-sized industry.

The modernization of agriculture is a noteworthy item on his agenda. In this regard, he will promote the incorporation of modern technology. To carry out his agenda he stresses an understanding among political forces but also among the various segments of society. And he will negotiate the foreign debt with international organizations to see to it that aid for our development is forthcoming.

I. The Present Situation

Peru is going throt gh one of the most difficult periods in its history.

A grave economic, political, social, and moral crisis is undermining Peruvian society.

The people realize that on 28 July the incoming government will have to run a country that has been convulsed by subversion and terrorism, that is badly divided politically, and whose economy is bankrupt.

International reserves have been practically depleted. The public sector is in the red. Production and investment are at a standstill. The country is isolated and discredited in international financial circles. Unemployment and underemployment are at record levels. The workers are earning poverty wages.

The domestic public debt is crushing. The foreign debt is unmanageable. Inflation is out of control and shredding the pocketbooks of the country's masses.

The crisis is also reflected in the large number of children who cannot attend school, in malnutrition, unhealthy conditions, and the lack of medical care.

Moreover, the inefficiency of government, its insensitivity to burning social problems, and corruption and immorality in many areas of government are undermining its credibility, thus creating a climate of frustration, pessimism, and lack of respect for the law and justice.

This panorama is made worse by the presence of social violence, terrorist violence, and drug trafficking, which in turn are fueled by the aforementioned economic and social breakdown.

The crisis has gotten to the point that there are just two options. Either a change of the prevailing order through armed violence, or true change that aims at affirming the values of morality, efficiency, discipline, and hard work within the framework of today's world, in which technology plays a fundamental role.

This second option must be based on unity and consensus among all Peruvians, and on an authentic democracy with a social foundation, cooperation, dialogue, solidarity, and social justice.

Change 90 can pave the way for this second option. This choice had been denied the country, not only by the groups that have taken up arms but also by the traditional parties, which have shown themselves to be altogether incapable of leading the nation successfully. By making the debate overly ideological, the traditional parties have drifted away from specific solutions to the problems of hunger, illiteracy, insecurity, and unemployment that are besetting the country.

No one can or ought to try and monopolize the banners of change.

The existing crisis is structural. A Social Pact for Development is absolutely indispensable: a set of basic accords among all political and social forces that will lend continuity to government action and stability to the nation's economic, social, and political development.

Change 90 is called upon to play a central role in beginning this process. Because we are in the middle of the political spectrum, because we are altogether independent of the major economic and partisan powers, and at the same time because we have influence among the masses, we find ourselves at a special and momentously important convergence point that we cannot give up and that must lead to a Social Pact for Development as a forthright tool for building a democratic coexistence.

Change 90's goal is to develop the country by relying on honesty, technology, and hard work to build a dynamic economy that will reach out internationally and meet the essential needs of the population in an ecologically balanced environment.

We want Peru to cross the threshold of the 21st century with an open, modern economy that will lead to general well-being, not by mechanically imposing imported lifestyles through the free market, but by faithfully reflecting a conscious and concerted Peruvianist strategy that

safeguards and strengthens national values and traditions, and promotes Peru's integration into the world economy.

II. Concept and Principles of Government

The Peruvian people can no longer wait for radical change in the concept of government and the manner of running one. Aware of its historic responsibility to replace frustration with hope, inequality with justice, incompetence with technology, immorality with honesty, and conflict with harmony, Change 90 proposes to the nation a government that:

a) Is deeply convinced of the need to encourage, promote, and reward each and every one of the economic and social agents that aim at development, justice, and peace, and to punish all other actions that run counter to these patriotic objectives.

b) Is run by technicians and professionals of the highest qualifications and integrity who identify with the interests and aspirations of the Peruvian people.

c) Has a management style based on honesty and the search for a consensus in solving major national problems.

d) Aims for efficiency and effectiveness in government action.

e) Is in favor of setting clear-cut, simple, and stable ground rules that will enjoy credibility and be reliable guides for short-, medium-, and long-range decision-making by the various economic agents.

f) Is amenable to an ongoing dialogue between the public sector and the other sectors of the economy and society, thus replacing their antagonistic, distant attitude towards each other, without government renouncing its strategic watchdog role.

g) Encourages dialogue and negotiation between labor and management to boost productivity with an equitable distribution of its fruits, and

h) Formulates and applies governmental measures in accordance with pragmatic considerations rather than ideological or group interests.

In order to introduce a new style of government in Peru, an institutional framework of governability that rests on the following minimum principles must be assured:

a) The unconditional ascendancy of individual rights and duties, human rights, and respect for the law.

b) An economy in which the role of government and of the market are in harmony, and in which a synthesis of the two is designed in accordance with the country's needs and national objectives.

c) Respect for and defense of job stability and labor rights.

d) Respect for property and just profits.

III. Towards a New Style and Pattern of Development

This outline of the Change 90 governing plan does not purport to be an exhaustive rundown of all the policies and actions that government has under its control and guidance. Each of these issues is elaborated on in detail in the governing plan.

The purpose of this document is to set forth 12 of the main lines of strategic action that in our judgment will solve the country's fundamental problems. A steady and consistent approach to these 12 strategic issues will make a new pattern of development for Peru possible.

The following is a summary of the main facets of each of these issues:

- The social pact for development, which by engaging all economic and social actors will make the country governable again, enable it to have a viable democracy, and restore its pride of national identity.
- The shaping of a new relationship between government and society that leaves static and inflexible patterns behind and that will destroy the barriers between government and the people, and between planning and the market, thus freeing the creative and conciliatory forces that are locked inside the people of Peru.
- A development plan that insures that the country's production structure is transformed by making it more efficient and competitive and under which the fruits of economic growth do not heighten the dramatic inequalities of wealth and income but, on the contrary, promote equitable growth.
- A program for micro and small business that will promote the integration and coordination of the national economy, lessen its heterogeneity, and at the same time spur an entrepreneurial revolution that will invigorate the economy and lead to the development of a new entrepreneurial class.
- A program of rural industrialization and of creating rural markets for merchandise, inputs and credit alike, as well as a marketing program, all of which will spur and invigorate rural areas; instead of programs to decontrol markets that do not yet exist.
- A national program to support productivity that will promote greater efficiency in the use of productive resources through: (1) Training programs at every level of public, private, urban, and rural work; (2) The development and transfer of technological innovations that will expand the pool of productive resources, and (3) Strengthening the national infrastructure and, in particular, our transportation and communications networks.
- A social-development program that 1) channels the energy that is latent in the population into the productive activities of the social sector, and 2) includes the organization of the people and the role of the NGO's [nongovernmental organizations] and the church in helping to fulfill the basic unmet needs of

the poorest Peruvians, mainly in connection with health care, water, diet, education, culture, and housing. This program will include emergency aid funds.

- Spurring a national program of pacification through development that acknowledges that the solution to the problem of subversion is not exclusively military, that the people and the government together will be able to defeat subversion, and that the role of the Armed Forces and the National Police, while fundamental, must be one of support, and not exclusively repressive support, as part of a comprehensive strategy.
- Spurring the steady substitution and industrialization of coca leaves by seeking preferred markets and assuring equivalent income for peasant farmers through the cooperation and contributions of drug-consuming countries.
- A foreign policy that is designed to preserve world peace, hemispheric solidarity, the strengthening of the Andean Pacific, and close and sincere friendship with all our neighbors.
- Addressing the foreign-debt problem with a strategy that while acknowledging and honoring the country's obligations to foreign creditors, advocates a policy of using foreign debt as a tool for development, thus achieving a significant reduction of the debt and spurring exports, investment, and job creation.
- A program to stabilize and strengthen our currency without recession, a program that will combat inflation by attacking its root causes and that will foster a rapid transition from high to low inflation while protecting throughout the austerity period the buying power of the workers and making sure that the costs of the transition are distributed equitably.

IV. Redesigning the Government-Society-Market Relationship

Democracy in Peru is practiced only on election day.

Once the administration and Congress have taken office, the people and society find it very difficult to make their voice heard, be it to propose initiatives or to express their opinions on administration proposals.

Since the people have little chance to become involved in the government affairs that affect them, they often feel distant from the government, and this generates mistrust and a lack of faith between government representatives and civilian society. Laws are often passed with little notice, and the administration often has a great deal of trouble and scant legitimacy in enforcing them.

In turn, government has often been used by various economic groups to protect themselves, to obtain access to reserves, and to benefit improperly at others' expense. Government intervention in the marketplace has thus safeguarded the status quo and the inefficient, oligopolistic structure of our production machine.

Change 90 believes that both government and the market have failed in Peru. The problem is not planning versus the market; rather, the problem is to redesign the role of government so that it promotes more competitive market structures that take the interests of the country's masses into consideration.

Moreover, because the public sector has in recent years undergone decay, professional impoverishment, and widespread disorganization, the quality of public administration must be urgently improved. Government has become slow, inefficient, highly bureaucratized, and unable to address the country's pressing problems. Government is going through a stage of widespread breakdown.

In light of this situation Change 90 seeks to make sweeping changes in government by strengthening it, making it more efficient, decentralizing it, and incorporating into its workings new relationships between it, civilian society, and the marketplace. The new relationships will be based on dialogue, participation, and cooperation, without government renouncing its role as the watchdog and guide of the national economy.

Democratization of Government

- Encourage mechanisms to provide for the institutional and personal participation of civilian society in government decision-making. These mechanisms should include public audiences, joint commissions, the right of petition, initiative, and recall, oversight of public officials, etc., and transferring a series of decisions to regional and local government, as well as to social organizations themselves.
- Bolster the management capacity of local and regional government and their capacity to assume delegated functions.
- Bolster the public's awareness of both civil rights and civic duties. The latter represent the groundwork for building a civilized society in which mutual respect and tolerance are basic values.

Strengthening, Streamlining, and Debureaucratizing Government

- Make government more efficient by streamlining it and seeing to it that strategic planning by government, coordinates with the marketplace and civilian society.
- Streamline government and make it more efficient by making the ministerial cabinet more responsive and functional.
- Revise Decree-Law 276, which governs civil service, so that it rewards efficiency and enables government to attract our finest minds so that government can discharge its function of promoting development.
- Move towards administrative debureaucratization and simplification by cutting out redundant government activities and, at the same time, bolstering other functions, in concordance with the objectives of the governing plan.
- Streamline public-sector employment by not filling the positions that are left vacant by dismissal, retirement, or departure, and revise the PRONADES

[expansion unknown] to enhance its efficiency. Under no circumstances will personnel be fired, though they can be reassigned to the decentralized levels of government (local and regional) or retrained to discharge functions with social impact (support for education, health care, food support, job training, etc). Civil service will no longer be a form of unemployment insurance. Rather, it will be a form of productive, well-paid employment.

- Propose a single legislative chamber and reelection of the legislature by thirds, and promote close ties between Congress and the social organizations that are part of civilian society.
- Strengthen the administration of justice and preserve the autonomy of the Judiciary by introducing reforms that will enable civilian society to become involved in resolving legal conflicts. A first step in this direction is the democratic appointment of the nation's attorney general as ombudsman and the creation of justice's courts appointed by the municipalities with input from social organizations that represent the people. Strengthening the administration of justice is indispensable in improving the nation's ethics and must be conducive to ongoing decriminalization. Concurrently, decisively strengthen the operational and administrative capacity of the National Police so as to appreciably improve its efficiency both in maintaining law and order and in serving the public at police stations.

Government's Role as Entrepreneur

The government will retain control of state-run enterprises in the areas that the interests of society and the likely inadequacy of the marketplace so recommend. These enterprises will be streamlined under a restructuring and reorganization program that will promote their autonomy, efficiency, and productivity. State-run enterprises will have to define their specific objectives, gear their activities towards fulfilling these objectives, and implement programs that will raise their efficiency and cut unit costs, thus seeing to it that consumers do not pay for their inefficiencies. Accordingly, the criterion of private business competition will be institutionalized in state-run enterprises, which will be evaluated periodically as to the achievement of their goals.

- Foster the autonomy and stability of state-run enterprise management in order to guarantee their consistency and continuity as businesses.
- Promote the creation of jointly owned companies and/or joint ventures between private domestic or foreign capital and the State, when conditions so dictate.
- Sell, transfer, and/or merge into other sectors the state-run enterprises in branches that are not of social interest.

Tax and Monetary Reform

- Undertake a comprehensive tax reform by simplifying taxes, reducing their number, standardizing rates, and eliminating exemptions. The informal sector [underground economy] must be brought into the tax revenue structure through simple, streamlined, and highly decentralized systems.
- Bolster tax revenues through a nationwide, decentralized system of rewards and incentives in the form of raffles run by the branches of the lottery throughout the country.
- Balance tax revenues so that direct taxation accounts for a larger percentage of total government receipts.
- Strengthen the autonomy and enforcement powers of the tax court.
- Create institutional mechanisms that will enable the management of public funds to be effectively monitored, thus making sure that they are used efficiently. See to it that budgetary funds are allocated by program and with an eye towards achieving sector goals.
- Guarantee in practice the autonomy of the Central Reserve Bank in deciding monetary and balance-of-payments policy.
- Make sure that monetary reform is consistent and meshes with the improved efficiency of the financial system.

Regionalization and Decentralization

- Continue and consolidate the process of regionalization, in a bid to lend greater economic, financial, and decision-making autonomy to the regions and to regional development.
- The development of border areas must be given priority in supporting the process of regionalization and decentralization: Loreto, Ucayali, Madre de Dios, Puno, Tacna, and Tumbes.
- Accelerate real economic, financial, and administrative decentralization.
- Define the economic and financial mechanisms that will make these policies operative and serve as a true support for regional government: guidelines for the financial system, management of the budget, sources of savings and investment, and economic policy in general.
- Review and harmonize the administrative structure of the central government and adapt it to the process of regionalization and decentralization.
- Strengthen the participation of representative organizations and of the unorganized civilian society in the management of regional development.
- Make regional policy consistent with national sector policies and the overall development policy.

[13 Jun pp 9-12]

[Text]

V. Transformation of Production and Equitable Growth

Peru's production sector presents a series of structural and short-term problems, the main features of which are:

a) A weak, stagnant export sector that does not generate enough foreign exchange for the country and whose

growth is largely based on securing concessions and privileges from the State instead of on ongoing increases in productivity;

b) A technologically backward agricultural sector in which the lowest-income earners are concentrated;

c) A heterogeneous and concentrated industrial sector that has developed under a system of indiscriminate and disorderly protection; this has meant inefficient production for the benefit of the independently wealthy, with a heavy content of imported inputs and capital goods;

d) A dynamic sector of small and medium-sized business that does not have access to credit and does not have the support of the State in furthering its development;

e) A severe lack of coordination between the primary sector and the industrial sector;

f) A deficient social infrastructure that limits the development of the production sector;

g) Concentration of the production machine in the capital of the republic; and,

h) Severe inequality in the distribution of income, plus a loss of strength in economic growth.

To tackle these problems Change 90 proposes the following general policies:

a) Promote a stable structure of relative prices that reflects the true relative scarcities of the country's resources.

b) Promote the growth of the export sector by making consistent use of sectorial tools of macroeconomic and microeconomic policy.

c) Encourage the processing of our natural resources so that the value added in our country rises.

d) Encourage the creation and development of rural markets by spurring communication routes that will hasten rural industrialization, facilitate the efficient transportation of production, and encourage agricultural development, especially the sector of peasant farming; by comprehensively promoting extension, training, research, production, financing, and marketing programs in agriculture.

e) Encourage an aggressive program of industrial restructuring and reconversion, strategically designed in cooperation with the production sectors, a program that fosters the efficiency and competitiveness of our industry, makes it less dependent on foreign countries, and makes it more modern, integrated, and coordinated.

f) Democratize the country's production structure by aggressively and dynamically spurring small and medium-sized business, including the micro-business sector. This sector will be the driving force behind the rise of the lower-middle class in business activity and in the decentralization and demonopolization of production; it will become the hub of the country's production and technology revolution.

g) Undertake a program to improve and expand existing infrastructure.

h) Promote technical, management, and entrepreneurial training at all levels and in all activities, with a social and nationalist bent.

i) Provide incentives for employers to manage their companies in a way that enhances productivity in an atmosphere of harmony and cooperation, while honoring the existing standards of job security.

j) Spur a policy of technological innovation that stimulates creativity and the incorporation of new technologies.

k) Establish systems of regional development that spread production and markets all over the country.

l) Gear economic-policy tools towards more equitable, ongoing growth.

A. Promoting Exports

Boosting exports is a fundamental element in the development strategy for Peru, because it will liberate growth trends from the limitations imposed by the shortage of foreign exchange.

We will attach priority to generating foreign exchange from a sustained increase in exports. To this end we propose:

a) A realistic, stable exchange-rate policy;

b) Streamlining the Certex [export certificates] by awarding them primarily to the sectors that contribute the most value added and to the sectors of small and medium-sized business;

c) Improving the services that export activity utilizes, such as ports, communication, transportation, telecommunications routes, etc. with funding from the money saved by streamlining the Certex and from public investment;

d) Promoting the creation of export complexes based on the development and processing of our natural resources and setting up free-trade zones at strategic spots around the country;

e) Refining the rules for the temporary clearance of imported inputs so that the national value added is increased on export items;

f) Steadily reformulating tariff and para-tariff policy so as to enhance our international competitiveness and orient production in accordance with the scarcity of resources, thus reducing the bias against exports;

g) Promoting an aggressive trade policy to expand our networks of international trade so that we can enter new markets under advantageous conditions;

h) Spurring comprehensive training programs, with financing from international cooperation agencies, aimed at every level of management in order to provide training in marketing and international negotiations, exports and international trade.

B. Transformation of Production

National prizes will be instituted in all production sectors for records in output and productivity increases.

1. In the agricultural sector:

- Reclaim lands with drainage and salinization problems.
- Promote systems of "truck-farm prices" and/or "price bands" that link domestic prices to international prices as a way of insuring efficiency and, at the same time, enabling farmers to make a profit.
- Slowly but surely abolish subsidies for imported farm products.
- Support programs for farm exports.
- Comprehensive reform of food-marketing systems to eliminate inefficient distribution chains and profit without work.
- Introduce labor-intensive agricultural technologies that will boost the productivity of land already under cultivation by promoting intensive farming through the use of fertilizers, pesticides, and high-yield varieties.
- Small and medium-sized irrigation projects that will extend the agricultural frontier and raise the productivity of land already under cultivation. Continuation of the major irrigation projects already under way: Chavimochic, Majes, and Cachis.
- Encourage bioagricultural research to identify and develop high-yield varieties of domestic crops that are well suited to Peru's particular climates and soils. Promote land-tenure systems that foster efficiency arising from individual hard work and private property, awarding title deeds or deeds to whatever assets belong to the peasants.
- Active rural-extension efforts to boost the management, marketing, and borrowing capacity of peasant farmers.
- Road transportation projects that will insure the timely movement of farm produce to marketing and consumption centers.
- Develop rural financial markets that will substantially expand the base of funds to be loaned and rural credit, while making sure that the necessary rise in interest rates for the sector remains steadily proportional to the terms of trade that farmers will face. We advocate turning the Agrarian Bank into a Rural Bank.

2. The designing of a policy for the Industrial Sector means taking up three challenges simultaneously:

a) Restructuring the industrial sector, which means solving the sector's structural problems: dependence on foreign inputs, equipment, and technology, lack of coordination within and between sectors, centralization in the Lima-Callao area, meager capacity to absorb labor, lack of external competitiveness, lack of domestic technological vitality;

b) Integration amid the existing heterogeneous technology, inasmuch as handicrafts, micro-business, small business, medium-sized business, and big business all coexist in this sector;

c) Industrial transformation through the assimilation and use of the world scientific and technological revolution that is under way. This revolution is characterized by the technological dynamism of the electronics industry, which has penetrated every production and service activity, as well as by recent developments in biotechnology, new materials, and new energy sources. The following set of specific policies will be implemented on the basis of these considerations:

- Overcome lack of coordination by promoting horizontal links between various branches of industrial production and integration with other sectors of the economy.
- Actively promote interrelationships between the various levels of business, in particular between small and medium-sized business and big business, by promoting subcontracting, business conferences, technical assistance, and information systems.
- Spur regional industrialization by bolstering existing industries and creating new small and medium-sized businesses that will process the natural resources in our regions, agroindustrial firms, and companies that will meet the people's consumption needs.
- Guide the sector's companies towards new forms of industrial organization that emphasize flexibility, versatility, specialization, horizontal cooperation, the use of common services, and technological innovation, thus building true system and product networks. One of the new forms of industrial organization is cooperation among small and medium-sized companies for the joint production of certain items, by sharing systems of information, financing, design, training, technological research, and quality control, among others. This allows for flexible specialization and high levels of productivity and efficiency.
- Modify the energy system on which the industrial sector draws, by promoting energy conservation and the intensive use of low-cost domestic resources and by enhancing the efficiency of the channels for transmitting and distributing energy resources.
- Spur the branches that are basic to real industrialization (not assembly industries), such as capital goods, basic inputs, and certain industries that meet the population's essential needs. Government will give the most support to companies that enter these areas.

- Resume the industrial-restructuring program and make it the centerpiece of industrial policy by spurring the expansion of certain activities, the modernization of others, and the retooling of industries that do not offer advantages in the medium and long term.
- Incorporate recent technological developments into the production machine, such as: changes in operating scales and a greater degree of automation, trends towards energy conservation and the replacement of traditional raw materials, the expanding role of computers and artificial intelligence in product design and in monitoring processes.

3. The Fisheries Sector has great potential. A significant proportion of its output has traditionally been anchovies that are processed into fishmeal and fish oil, while another portion has been for human consumption. The latter is not enough, however, to solve the country's severe food problem. Change 90 proposes to:

- Promote the development of national fisheries in a manner consistent with the rational exploitation of our living resources in the sea.
- Review the sector's regulations and make them consistent with national goals.
- Aggressively promote fishing for direct human consumption to help resolve the country's food problem by preventing the catch from being diverted into the production of fishmeal and fish oil.
- Encourage the reconstruction of a national fishing fleet based on medium-sized vessels for small-scale fishing.
- Review the high-seas fishing contracts and agreements that have been signed with the fleets of other countries.
- Create an Untouchable Fund for marine research, financed through taxes on and contributions from the fisheries sector itself and international technical-cooperation agencies.
- Improve the unloading, cold-storage, marketing and other infrastructure that the fishing sector needs.
- Encourage fishing cooperatives for production, marketing, and services.
- Establish training programs in the various areas of fishing activity.
- Encourage aquaculture in Peruvian rivers, lakes, and seas as a means of boosting nontraditional exports and strengthening the sector.

4. The Mining Sector plays a key role in bringing in foreign exchange and in the development of the capital-goods and consumer-durables industries. A set of policies will therefore be set in motion, some of which are outlined below:

- Spur the industrial processing and forward integration of mining resources that are being replaced by other products worldwide and of the resources that can generate a greater value added and later be exported and/or sold on the domestic market.
- Look into the production and export of those mining products that are becoming more profitable internationally, such as bismuth, uranium, selenium, tellurium, zinc, etc, and encourage companies to enter this sector.
- Encourage mining-metalworking complexes to coordinate and integrate managerially and territorially in accordance with criteria of efficiency and competitiveness.
- Promote the active participation of foreign investment in developing gas and other mining resources so as to secure a real transfer of technology and financial support for the sector's development.
- See to it that state-run mining enterprises overcome the rigidities of their management and autonomy and become more efficient and competitive.
- Develop a joint plan among companies, workers organizations, and nearby towns in order to promote stability and halt subversion in mining centers.

5. The Energy Sector is in a serious crisis stemming from the lack of new investment, the poor retention of existing investment, and terrorist violence. The production of crude oil has declined, and the situation in Petroperu [State Petroleum Agency] has deteriorated. In the electric-power subsector the lack of a regular, predictable supply of electricity hampers output and makes it more expensive. Moreover, an erratic supply of electric power conveys an image of mismanagement and misgovernment that undermines the people's resolve and works against the climate of confidence that the country needs in order to move forward. Change 90 proposes to:

- Gear the rate schedule towards energy efficiency.
- Boost the proven reserves of hydrocarbons so as to assure self-sufficiency and generate exportable surpluses.
- Promote the development and use of new energy sources in order to support the restructuring of production and lessen dependency on oil.
- Invest urgently in electric-power maintenance (generation, transmission, and distribution) in order to rebuild our supply capacity.
- Prioritize secure supplies along the Mantaro Grid and spur the provincial, district, and rural electrification program.
- Encourage investment in energy production by private partnerships, instead of inefficient energy generation by isolated individuals. The countless private "backup" plants that are being installed are unnecessarily small and inefficient because they are not hooked up to the public grid. Under intelligent regulations the private sector would wind up installing energy-generation and distribution sub-grids that would reinforce the national grid without requiring investment by Electroperu.
- Develop the Camisea gas deposits with the cooperation of foreign investment.

6. In the Tourism Sector, Peru's archaeological assets and scenic landscape represent one of its most important comparative advantages. These assets have only been marginally utilized. When appropriately developed, they

could turn this sector into an extremely important source of foreign exchange, jobs, and stimulus for regional development. Change 90's proposals for this sector include:

- An aggressive overseas campaign to promote tourism, by expanding the role of overseas cultural and trade offices.
- Strong encouragement for regional private investment in tourism, particularly in hotels.
- Development of road infrastructure that reconciles the needs of tourism and agriculture, and firm support for air-transport infrastructure that is consistent with the goals of the National Tourism Development Plan.
- Development of the Kuelap-Gran Patajen tourist hub in the northern region to turn it into as big an international tourist attraction as Machu Picchu.

7. The Governing Plan of Change 90 spells out proposals for the construction, trade, transportation, communications, and other sectors which for reasons of space cannot be summarized in this outline of strategies.

C. Savings and Investment

The intermediation ratio (savings as a percentage of the money supply) and the liquidity ratio (the money supply as a percentage of the GDP) have historically been low in Peru compared to developing countries with more dynamic economies. One of the many reasons for this is that real income has been declining and real interest rates in the country have been far below their equilibrium point. In addition, the financial system, whose structure is essentially oligopolistic rather than competitive, has developed amid major operational and administrative inefficiencies. Owing to this and to the low volume of intermediary financial transactions, a very large spread is required between interest rates on loans and on deposits.

During the constitutional term that is about to conclude, financial transactions in the formal banking system have shrunk considerably; in fact, they are below their traditionally depressed levels. This is mainly due to ongoing capital flight, to the increase in the inflation rate, and to the resulting decline in the population's real income. Concurrent to these trends, negative real interest rates during certain periods initially drove the small amounts of savings into the parallel banks. Of late, moreover, the emergency taxes on financial transactions have run economic agents out of the formal financial system in spite of the rise in interest rates.

These shortcomings and weaknesses in the system of financial intermediaries have been compounded by the battered foreign-currency market, the concentration of loans in a few companies, the significant financial losses in development banks, and poor bank and financial management in general. In the face of this worrisome outlook Change 90 proposes to:

- Create mechanisms that will allow for the development of an integrated money market on which the various financial instruments can be freely traded.
- Further the democratization of credit by promoting access to and the expansion of credit lines through coordinated action with real-estate registries and sources of low-cost mortgages.
- Modify the current system of monetary regulations and pursue interest-rate policies that insure real positive values for loan and deposit transactions.
- Promote the development of nonbank financial institutions that are geared towards capital formation for investment by advocating legal instruments that will make it easier for informal intermediary mechanisms to join the formal system.
- Enhance the efficiency of state-run financial institutions by adopting new techniques of financial management that will maximize the yield of state-controlled financial surpluses.

The following are some of the policies for promoting investment:

- Create a climate of confidence by setting clear and stable ground rules so that investors can extend their planning horizons. This will correct one of the main shortcomings of the investment regulations in our country: the short-sighted approach that typically seeks recovery periods of one or two years.
- Use economic-policy tools to promote productive investment instead of distortions on the financial and speculative markets.
- Draw up and prioritize a portfolio of government-investment projects that coordinates objectives among sectors and establishes the principle of economic profitability as the dominant criterion in selecting such investment projects.
- Provide incentives for the development and implementation of investment projects jointly financed by the public and private sectors.
- Aggressively promote foreign investment by fostering legal mechanisms that streamline negotiations with foreign investors and by eliminating regulations that adversely affect the profit potential of these investments, while maintaining those regulations that safeguard national interests.

[14 Jun pp 11-14]

[Text]

D. Employment

The following actions will be taken in the area of labor and job-creation policy:

- Promote aggressive programs to generate income and productive jobs in rural areas, in keeping with the antiterrorist policy of eradicating extreme poverty.
- Pursue policies that will rechannel the work force into productive activities.
- Encourage policies that will reduce mass unemployment and underemployment, especially among young people and through grassroots business.

- Respect job stability and collective bargaining by placing emphasis on the need for accords to boost productivity.
- Foster a climate in which hard work is properly valued and remunerated; this will generate income and jobs, improve working conditions, and enable individuals to fulfill their potential in the work place.
- Promote business and technical training by placing special emphasis on programs aimed at small and medium-sized businesses in order to democratize the production structure.
- Design a population policy that makes Peruvians aware of the need to cut our accelerated demographic growth.
- Pursue policies that will insure that the population is better distributed throughout the republic.

VI. Development of Micro and Small Business

The sector of micro and small business has a major presence in the national economy. It comprises more than a million companies, employs three million people, who make up 40 percent of the economically active population, and accounts for more than 35 percent of the GDP. Therefore, it deserves preferential treatment from the State.

Support for this sector will be comprehensive, inasmuch as it will entail simultaneous, coordinated action in various spheres, such as:

- Short and long-term credit
- Guaranteed funds
- Technical assistance
- Training
- Marketing for domestic and foreign markets
- Supply of raw materials
- Subcontracting
- Production infrastructure
- Research and technological development
- Socioeconomic research
- Administrative regularization, registration, and simplification
- Economic, trade, and technological information
- Strengthening and centralization of trade unions
- Government purchases

All of these elements are necessary to assure the consolidation and growth of the sector. These services will be provided through the coordinated efforts of a wide range of public and private institutions that have been created over the past few years in various places around the country. The government's job will be to support the sector through its own agencies and institutions and by promoting the establishment and involvement of private institutions.

Existing mechanisms of support such as FOPEI [Small Industrial Firm Promotion Fund], FOGAPI [expansion unknown], SENATI [National Service for Industrial Work Training], ITINTEC [Institute for Technological and Standards Research], and CONCYTEC [National Science and Technology Council] will be strengthened, as well as the various credit lines of development banks. These and other credit lines that will have to be created will be endowed with greater financial resources (domestic and foreign), especially for small, decentralized business.

In order to centralize and channel government efforts into this sector the Deputy Ministry of Small Business will be created in the Ministry of Industry, Commerce, Tourism, and Integration (MICTI); it will be assigned an appropriate level of decision-making. Its principal responsibility will be to coordinate the promotion and support efforts of all national and international institutions concerned.

The National Program of Support for the Micro-Business Sector will be implemented as an immediate step in promoting this sector. Participating in it will be: public and private financial institutions, employers unions, government institutions, MICTI, nongovernmental organizations, universities and technological institutes, as well as international technical and financial cooperation.

This program will have the following goals for its first year:

- To serve 160,000 businesses and the 700,000 persons involved in them.
- To create 160,000 new jobs
- To generate $50 million in exports

These goals can be expanded in subsequent years as the network of support institutions grows stronger and more extensive, greater financial resources are secured, and the surpluses generated by the sector itself are utilized.

The following are some of the complementary actions to be taken in this sector:

- Design and implement a system of special treatment for small industry characterized by administrative and tax simplification and financial, technical, and legal support.
- Promote the strengthening and/or creation of institutions that will provide advisory services in the areas of industry, training, industrial research, contact between companies, marketing channels, and common facilities.
- Promote and develop appropriate infrastructure and channel external support into the creation and enhancement of small and medium-sized industry throughout the country.
- Integrate small-scale industrial activity across sectors.
- Encourage the unionization of small industrialists and handicraftsmen in order to improve productivity and output for the domestic and foreign market through consensus-building, ongoing dialogue, and a sharing of experiences.
- Promote the exports of small and medium-sized enterprise in the following ways:

a) Establish export consortiums
b) Provide incentives for large export firms to subcontract small companies
c) Get small businesses to associate with export marketing firms

- Specialized support institutions, the NGO's in particular, will play a fundamental role in developing and applying these three methods.
- Establish preferential systems that give priority to small businesses in supplying inputs, materials, tools, and services to public enterprises, decentralized agencies, State agencies, and regional and local governments. This initiative must be complemented by technical assistance and training so that small businesses can meet quality and technical standards, which must be redrafted in accordance with the actual requirements and specific features of national industry.
- Create the Bank for the Development of the Micro-Business Sector, which will channel financing into the microbusiness, handicrafts, and home-industry sectors.
- Create a network of micro-business development areas that, in coordination with regional governments, agencies of international cooperation, and NGO's of technical cooperation, will achieve the following goals:

-Decentralize access to farm and industrial credit for micro-businessmen and businesses in the underground economy.

-Create backward linkages with farmers and forward linkages with distribution and marketing networks.

-Bolster the role of governmental and nongovernmental agencies in providing training, modernization, extension, and support services.

-Serve as points of coordination with the rural communities, thus allowing them to become directly involved in formulating production and marketing strategies; also, promote their integration with the formal sectors of commerce, finance, and transportation.

VII. Rural Industrialization and the Creation of Rural Markets

There will be three components to the program of rural development: agricultural development, rural industrialization, and the creation and development of rural markets.

1. Agricultural Development

Short-term policy will be designed to obtain the highest output possible with existing resources and technology.

Farmers will not stop producing because of a lack of credit or inputs or because of poor profit margins. To this end, our policy will be to provide farmers access to credit and agricultural inputs through government and the marketplace.

As for profits, our policy will be to guarantee markets and prices for farmers. We propose four ways of doing this:

a) Boost real income in the cities.

b) Pursue support programs for farm exports.

c) Limit imports of farm products to what is strictly necessary and cannot be replaced by domestic products.

d) Government purchases to guarantee farm prices and income at socially acceptable levels when the above actions fail to do so.

Long-term farm policy will be designed to boost farm productivity. Special emphasis will be placed on peasant farming, in which there is greater potential for raising productivity owing to the current lag in adopting already existing technological innovations. We expect to significantly cut food imports with this program. Thus, peasant agriculture will save close to $500 million by replacing food imports.

2. Rural Industrialization

In spite of its potential, Peruvian agriculture will not be able, by itself, to generate sufficient real income to significantly boost the standard of living of the rural population. Migration into the cities, which has reached untenable levels, further worsens the congestion in and deterioration of urban areas and is not a viable option for resolving the problems facing rural dwellers. Consequently, other productive activities must be developed in the countryside.

Rural industrialization will be a vast, intense program. The processing of farm and livestock products and the industrialization of natural products in abundance in the countryside are activities that will be vigorously promoted and developed.

The development of rural industrialization is limited by several basic supply-related factors, such as rural electrification and other institutional considerations, rather than by the lack of technological options. Consequently, programs for technological development in agroindustry and programs of institutional innovations will be set in motion; the emphasis will be on the creation and development of markets in rural areas.

As for technological development, the program will consist in disseminating technological innovations that have already been tested in specific projects in several spots around the country. They include new methods for processing Andean grains, tropical fruits, llama, alpaca, and vicuna wool, and textile, wood, and ceramic handicrafts. There is a wealth of experience in these areas that can be disseminated on a mass scale throughout the country.

Programs to develop industries that serve agriculture, such as capital goods, tools, and repairs, will also be started up.

In addition, a specially designed training program on how to manage the finances of a small rural business will be undertaken, inasmuch as this has proven to be a limiting factor in the creation of new businesses. Human resources need to be developed as new technological inputs are introduced.

3. Creation and Development of Rural Markets

Markets are underdeveloped in Peru's rural economy. Many markets simply do not exist (futures markets, insurance markets), while others are incomplete or very poorly developed (credit, input, and end-product markets, labor markets, marketing, and machinery-rental markets).

As a result, transaction and information costs in the countryside are very high. Lack of competition in product marketing and the existence of captive and segmented markets are two of the consequences. All of this limits agricultural development and greater rural industrialization.

We propose a program to create and develop markets in the countryside. Markets develop where there is public infrastructure, mainly extensive and efficient means of communication. Roads, railways, and telephone, telegraph, and mail service have to be developed in the countryside if we want to develop a market economy there.

The neo-laissez-faire ideology proposes that rural development in Peru ought to be based on the working of a market economy and that as a result markets must be decontrolled. Such a prescription reflects an ignorance of the facts. There are, by and large, no markets to decontrol in Peru. The objective, rather, is to create and develop them in the first place. And this objective will be achieved through a harmonious relationship between government and the private sector.

VIII. Plan for the Defense of Life and Health

Peruvian society cannot allow the basic needs of close to five million of our fellow countrymen to go unmet and the needs of many others to be fulfilled only at a subsistence level. This situation has gotten dangerously worse in recent years as a result of the deepening crisis, which threatens the physical and mental capabilities and the health of thousands of people who live below the critical poverty level. This has meant a tragic loss of the nation's human resources.

Consequently, it will be a central concern of the Change 90 administration to pursue a consistent and persistent policy aimed at ending, as soon as possible, the extreme poverty besetting a great number of Peruvians. To this end, the plan for the defense of life and health will be coordinated with Change 90's program initiatives in the areas of rural development and industrialization and the promotion of micro and small business, as well as methods of cooperation and self-management. This is a comprehensive, permanent plan, in contrast to temporary assistance programs. The following will be the main elements in the programs of food security, productive work, and social well-being:

- The active participation of local residents and workers in selecting projects in accordance with their needs, and assuring their involvement in the startup and running of these projects.
- Promoting coordination among the various nongovernmental organizations in order to harmonize their actions and bolster the use of existing resources.
- An aggressive search for sources of external financing both for the permanent program and for the contingency programs. The latter will require the opening of credit lines for use in the event of natural disasters such as droughts, floods, etc.

The government will carry out the program for the defense of life and health and coordinate it with nationwide, regional, and local social organizations; every possible human and material resource will be marshaled, and the organized population will be decisively involved. The plan will be decentralized and will cut across institutions and sectors. The positive experiences of soup kitchens, the glass of milk committees, the community production workshops, mothers clubs, etc will be utilized in organizing it.

The plan for the defense of life and health has three main components:

1. Proper Diet 2. Productive work 3. Social well-being

1. Proper Diet

The average diet in Peru is clearly inadequate. This inadequacy has structural causes, particularly the low income of the majority of our people. Mass poverty leads to an inadequate diet. Paradoxically, however, Peru is an exporter of protein through its fishing sector and has great production potential in its farm sector. This misalignment clearly shows that as far as food security is concerned, the system must be changed to improve the people's diet.

Diets are also improper because of an unstable supply of foodstuffs for reasons beyond anyone's control, such as droughts and flooding, and for reasons within our control, such as a lack of foresight in government imports. Another problem is that a major percentage of foodstuffs are marketed by oligopolistic enterprises. Consumers thus have to pay higher prices because of excessive oligopolistic profit margins.

The goal of food policy will be to make sure that the people have access to foodstuffs, to increase the supply of these foodstuffs, and to reduce their instability. Our priority will be to do away with infant malnutrition in four to five years.

A series of measures will be taken to achieve these goals. Some will be general, as they will be incorporated into

the overall policy that the administration will pursue, and others will be specific. Some will employ market mechanisms, and others will involve government action.

As for general policies, we should note that the policy of growth with equity will help significantly to resolve food problems. The development of small business and peasant agriculture will enable lower-income earners to improve their standards of living and, in particular, their diets.

Moreover, the policy to develop the commercial agricultural sector and the fishing sector, as part of the overall production program, will help to expand the supply of foodstuffs.

As for specific policies, several nationwide programs will be undertaken. The following bear emphasizing:

a) The program to eradicate infant malnutrition. This program will be designed to meet the needs of vulnerable groups, such as pregnant women and preschool youngsters. The program will be run by local governments and grassroots organizations that already exist or are about to be set up, as the case may be.

b) Food monitoring and warning program. The idea here is to reduce to a minimum the instability of food supplies due to the weather (droughts and floods) or other causes. The point is to prevent temporary shortages and the inefficiencies that stem from importing foodstuffs at spot prices.

c) Eliminate oligopolies in the food industry. The excess profits of these companies must be reduced so that consumers pay lower prices for foodstuffs. This will be achieved through market discipline. Competition from other national companies will be fostered. The program to develop small business and the program of rural industrialization are obvious mechanisms for this purpose. Market discipline will be achieved in some cases by decontrolling the imports of items that compete with those of the food oligopolies.

d) Establish "community bulk and distribution centers" and school and mass-media programs to educate the people about their diet.

[15 Jun pp 11-14]

[Text]

2. Productive Work

One of the ways to combat extreme poverty emphasizes production-oriented solutions to promote activities that generate income and jobs in the countryside, slums, and marginal areas of the highlands and jungle. Change 90 thus proposes to:

(a) Set in motion a program of labor-intensive microprojects to produce goods for the domestic and foreign market. These initiatives will be coordinated with the rural development and industrialization program, and the micro and small business program.

(b) Provide financial and technical incentives and support for agricultural, community, family, and handicrafts production.

(c) Develop management and basic-technology skills.

(d) Overhaul programs such as PAIT [Temporary Income Support Program], PAD, PAN, and FAR [expansions unknown] to expand their role as generators of productive, permanent jobs.

3. Social Well-Being

The third component of the Plan for the Defense of Life and Health is a set of programs in the areas of health care, sanitation, culture and education, water, and housing. Some of the main programs we propose are:

(a) Priority Health Care Programs: support for community health-care programs, comprehensive health-care programs for women, children, and adolescents, the program to control communicable diseases, and the program of essential medicine.

(b) Program of Health Recovery Services: the minimum human resources to provide health care, physical resources, inputs, perishable goods, and physical infrastructure.

(c) Education, Culture, and Recreation Program: free schooling, school supplies, sports, and civic education.

(d) Water, Housing, and Basic Services Program

(e) Program for the Physically Limited and Handicapped

(f) Program for Retirees, Executives, and the Elderly

In education we will promote programs that take into account that schooling is more than just a basic element for personal development and for boosting productivity on the job; it also enables nutritional and health-care programs to yield their best results. We propose the following:

- Unqualified respect for the principle of free public education at the preschool, primary, secondary, and college levels, in order to guarantee equal opportunity for all social strata.
- Efficient utilization of the existing educational infrastructure by reducing the repetition and drop out rate, and by making more intensive use of plant and equipment through multiple shifts and summer classes.
- Expansion of literacy programs, including educational programs on how to meet basic needs.
- Enhancement of the quality of educational services by restructuring study plans and teacher training programs so that teachers meet the population's real needs.

In the Housing, Drinking Water, and Sanitation Sector we must seek to provide drinking water, sanitation services and housing as quickly as possible by making optimum use of scarce resources. To this end we propose to:

- Resume the programs for providing drinking water and sanitation services in rural areas by using simple, low-cost infrastructure that can be run and maintained by the residents themselves.
- Undertake projects to expand services in disadvantaged areas under a program of phased-in investments.
- Grant title deeds to urban dwellers in disadvantaged areas so that they can have access to credit for building and improving their homes and utilities.
- Undertake training and educational programs that will promote the use and conservation of drinking water and prevent water sources from becoming contaminated. In addition, training must cover activities having to do with the operation and maintenance of services by residents.

IX. Productivity and Technology

The promotion of equitable and sustainable economic growth must be based on continued gains in efficiency in the use of the Peruvian economy's productive resources. The productivity of the country's production assets will be boosted through the coordinated application of a National Program of Support for Production, resting on three fundamental pillars:

(1) A National Training Program, financed by international technical-cooperation agencies and aimed at every level of management and production (executives, midlevel managers, plant engineers, foremen, and workers) in both the public and private sectors in urban and rural areas alike. Its purpose will be to provide training in everything having to do with boosting productivity: strategic planning of productivity, designing systems of incentives and rewards, systems for controlling direct and indirect costs, industrial plant engineering, time and motion studies, and the design and implementation of quality-control groups.

(2) A Program for the Promotion of Technological Innovation that will mobilize all segments of society around the task of scientific and technological development in order to promote technological innovation on an ongoing, self-sustaining basis through the generation, transfer, assimilation, maintenance, and dissemination of domestic and foreign technological developments. This program will consist of the following fundamental components:

- Strengthen scientific and technological research capabilities with the collaboration of national universities and institutions, while helping them to excel through inputs of international technical cooperation and seeking to tie their activities closely to the requirements of the economy's production sectors.
- Improve the bargaining abilities of the nation's businessmen in contracting for and using technologies, thus helping to see to it that technology is transferred under just and reasonable conditions.
- Improve the ability to design and run our national science and technology policy and coordinate it with the overall goals of the general development policy.
- Further develop our ability to generate, maintain, and spread new technologies so that they dovetail with the specific needs of our economic environment.
- Create a National Science and Technology Fund to support research into and the development of technological innovations in institutes and companies. The government will make venture-capital investments in technological-development projects in strategic areas, in conjunction with the domestic and foreign private sector.
- Establish expositions, competitions, and prizes at the national and regional level to encourage creativity among various segments of the population, primarily school-age children, in higher technological institutes and universities.
- Promote and finance small and medium-sized high-tech businesses started by young graduates of universities and higher technological institutes.
- Support companies, groups of companies, institutes and universities in adapting, assimilating, and developing techniques for the production of capital goods that are needed by the country's various production sectors, through financing, technical assistance, training, research, and overseas studies, among other things.

(3) A Program to Renovate the National Infrastructure, designed to reverse the long-term trend towards the deterioration of the nation's social capital because of ongoing cuts in the government's budget for maintenance. This trend has had an adverse impact on the productivity and competitiveness of our production machine and must be reversed through initiatives such as:

- Maintaining and expanding the land-transportation network, including public-investment projects to build new roads and railways.
- Maintaining and expanding the port system.
- Maintaining and expanding the national telecommunications network.

X. Pacification

The following are the basic premises of our policy for combating subversion: (a) Recognition that the answer to the subversion problem is not exclusively military; (b) The understanding that it is predominantly the people, with the government's support, who will be able to defeat subversion; (c) Recognition that the role of the government and of the Armed Forces must be one of support, not confrontation and must be seen as such by the people.

One of the key elements in our policy of pacifying the country will be a clear-cut effort to end the extreme poverty and ethnic, political, and cultural disenfranchisement that feeds armed violence. This means playing a preponderantly development-oriented role in the country's convulsed areas.

The role of the Armed Forces will be strengthened at the tactical level, and in order to assure an integrated tactical approach, a Unified Pacification Command will be set up to promote the consistency of government action in the struggle against subversion. [Likewise it will be set up] to push for the development and implementation of coordinated strategies in the military, economic, political, sociological, and judicial spheres.

We will promote the active involvement of the population through their organizations in the moves undertaken against subversion by government agencies in the nonmilitary realm. In addition, we will strengthen the role of peasant and grassroots organizations and enable them to defend themselves against subversive action.

The link between the people and government must be reforged. It must be turned into a constructive link of cooperation and solidarity based on mutual trust and joint participation in local-development projects. We will promote the full-fledged restoration of the rule of law and of our legal and political system throughout the republic.

The primary short-term objective of antisubversive policy will be to regain the trust of the rural and disadvantaged urban populations by proceeding in such a way that the people gradually overcome their psychosis and fear of any outside agent. We will spur the sort of action in the area of social and communications infrastructure that grassroots and peasant organizations have been demanding, and on scales that these organizations can handle. We will set up task forces to study and plan socioeconomic-development programs in the emergency zones. The studies and proposals will be talked over with the community organizations themselves. The community organizations themselves must oversee the programs and projects at the local level, with minimal visible presence of government agents. The administrative structure will be spread out and flexible; centralization will be minimized; the role of the NGO's, the church, universities, and other educational establishments will be maximized, and networks for providing suitable technical advice will be established to the extent possible.

XI. Coca Leaf Substitution and Processing

In the areas in which drug trafficking has established its bases we will start up a program to replace coca with other profitable crops. To this end we will institute a program of attractive support prices for alternative crops. This program of support prices will be coordinated with the drug-consuming countries, which will contribute to it.

On the overseas front the drug-trafficking problem will be addressed, first of all, under the accords signed at the meeting of the presidents of Peru, Colombia, Bolivia, and the United States in Cartagena last February. Concurrently, we will carry forward the initiative to create an international forum consisting of that group, the United States, Europe, Japan, and Brazil, to develop formulas for practical and responsive cooperation in tackling the problems of drug trafficking, in keeping with an approach that is consistent with the need for the comprehensive development of the areas in question.

We will continue police action and the campaign against the production and use of harmful drugs.

As for the legal processing of coca leaves as a natural resource, we will spur the development of pharmaceuticals whose ingredients include coca and its derivatives. We must also promote the production and international marketing of coca-leaf tea.

XII. International Relations

The current panorama in international relations is marked by a crisis in international hegemony and by the breakup and realignment of political and economic blocs among the countries of the north. The changes in the Eastern European countries are toning down the East-West conflict that has dominated international relations in the post-war era, thus giving rise to a relaxation of world tensions in general. The world that is taking shape in the late 20th century is marked by a sort of uncoupling between the countries of the northern blocs (Japan and Southeast Asia; the United States, Canada, and Mexico; the European Economic Community; and the countries of Eastern Europe) and the countries of the south, in Latin America, Africa, and Asia alike.

In light of this increasingly multipolar world and the realignment of the international scene into blocs, Peru will maintain ties with all of them. Dialogue and cooperation will be the fundamental tools of our foreign policy. We will place ourselves in a position equidistant from all blocs. From this perspective, we will foster Latin American integration under new arrangements that will enable us to overcome the limitations of the attempts made so far. We will put forth wide-ranging diplomatic efforts to bolster inter-American relations in a bid to have the United States assume a greater responsibility in cooperation with Latin America under new arrangements that will enable us to overcome the limitations of the attempts made so far. We will take the initiative of promoting the establishment of a South American common market on the basis of a negotiated leadership among Brazil, Argentina, and the Andean Pact. This market will go hand in hand with the overall progress of Latin American integration, although it will be subject to more dynamic action because it will enjoy the advantage of sharing a compact geographic area with access to the world's two most important basins.

We will spur the action of SELA [Latin American Economic System] as a channel of economic action and

coordination for Latin America and the Group of the Eight as a forum for joint negotiations on the foreign debt and regional political issues. As for Andean integration, we will pursue a very aggressive policy to promote this process once again, emphasizing both physical and border integration and Andean multinational investment in strategic areas of technological complementarity. We will also promote a faster pace in the creation of a subregional common market. We will advocate a policy of detente with bordering countries and seek to cut military spending for external defense and shift it to internal defense. We will also promote cooperation under the Amazon Pact and border integration with neighboring countries. Moreover, international economic relations with the countries of the Pacific Rim, the EEC, and the United States will be defined on the basis of stable rules for foreign investment, the promotion of foreign trade on new markets, and an active search for international technical cooperation that will boost the level of Peruvian technology. Accordingly, we will promote the transfer of state-of-the-art and intermediate technologies that are suited to our internal development and job-creation needs, in line with the requirement of bolstering our international competitiveness.

XIII. National Defense

National Defense has played a prominent role throughout Peru's history. The historical and strategic objective of national defense has been and must remain the preservation of Peru's patrimony, on the mainland, in the Grau Sea, and in our air space alike.

The combination of national defense and foreign policy must remain the primary element in the strategy and operations of the Armed Forces. During this time of world detente we must reaffirm the spirit of peace and disarmament that is spreading with mounting influence in the Americas and in the Andean region in particular.

As for medium-term plans, the National Defense System must move towards the militarization of the National Police, in keeping with the spirit of modernization and efficiency that prevails in the world today in this regard.

Within this context, Change 90 will focus its efforts on bolstering the operational capabilities of the Armed Forces, both on the domestic front and in defending national sovereignty.

We must also rebuild the operational capabilities of the Armed Forces in the tasks of supporting infrastructure development, road construction in particular.

Simultaneously, the overhaul and stabilization of the Peruvian economy and a more rational and efficient use of the National Defense Fund should enable us to appreciably boost the income levels to which the members of the Armed Forces and National Police are entitled.

The National Defense System must in every respect be in the vanguard of the nationwide effort to boost efficiency by making optimum, rational use of its available resources.

* Draft Judicial Reform Detailed

90SM0176B Lima CARETAS in Spanish 25 Jun 90 pp 36-37, 72

[Text] More than 16,000 men imprisoned unjustly for years (85 percent of the prison population). Millions of intis wasted on an archaic system that lacks only the moth-eaten wigs, the carts, and the guillotine. An equal sum was squandered on transportation, security, maintenance, and many other categories. Disorder, atrophy, apathetic resignation, all of which result in interminable corruption and a chain reaction of corrupt practices at all levels. All of this and much more is expected to end in a relatively short period of time.

There will be a 180-degree turnaround in the way criminal trials are conducted, in the opinion of Chief Prosecutor Pedro Mendez Jurado, if the draft Code of Procedures is enacted into law.

The reform has been in the works for several years. The most recent cycle began in 1980, when a draft bill was written. After several permutations, it was revised and became a bill. That bill, in turn, is going through a final review by a committee composed of Edmundo Haya de la Torre, Manuel Catacora, Luis Bramont Arias, Jose Tello, Juan Portocarrero, Guillermo Bettochi, and Guillermo Cabala. Functions were delegated in the executive branch so that after specialists study it, the bill can become law by means of a Legislative Decree.

The administration has until 28 July to enact both the Code of Procedures and the Penal Code. It also has the organic law of the judicial branch under study. The three legal entities should be coordinated so that the system can function properly, as their regulations complement each other.

Although it is not exactly a 180-degree turnaround, there is no doubt that a number of changes will take place in the slow system of today:

Police-prosecutor investigations are joined together in a single entity in which the prosecutor becomes the supervisor of police work. In other words, the police will have complete freedom in their investigations, but the prosecutor will make sure that evidence is gathered (the primary purpose of their work) in accordance with the law. In this way, the evidence will not be thrown out at the trial for being flawed.

The investigative judge will become a ruling judge. Since time immemorial, the judicial inquiry system has been used in Peru. Under this system, the judge directs the investigation during a long period known as "instruccion." The work of the police is repeated with very few changes.

This duplicates the process, to the detriment of the actual or alleged offender (who is convicted beforehand and sentenced to an often unjust and unnecessary prison term), of the victims (who are almost never compensated, even financially, for their violated rights), and of society, and this also encourages corruption.

To correct this, the bill calls for the prosecutor and the police to investigate the crime. Upon conclusion of their investigation, they will file charges directly with the judge, who must hold a hearing. If there is not sufficient evidence, the prosecutor may ask that the charges be dropped, and that ends the prosecution.

The bill calls for much shorter time limits for the prosecutor and the judge than under the current system, which will make for a healthy acceleration of the process. The prosecutor, for example, will have four months to decide whether to file or drop charges, and if the offense is serious enough to warrant a prison term of more than three years, he may ask the judge to hold the suspect in custody.

One feature that was eliminated during the government of General Juan Velasco will be reinstated: release on bail, which allows some suspects (charged with minor offenses) to obtain provisional freedom by posting a surety or bail bond.

During the final phase of the investigation period there is, however, a flaw that may lead to difficulties: If the prosecutor does not file charges within the statutory time, the judge can order him to do so. But the law does not take into account the possibility that the prosecutor might prolong matters, answer one memo with another, or encounter undue delays (a strike by the judiciary, failed attempts to transport the prisoner, and other similar problems). Thus, as happens now, missed deadlines would be compounded by subterfuge and excuses, and everyone would accept it, to the detriment of the poor soul sitting in jail.

Maybe the best thing would be to reinsert an article providing that if the prosecutor does not meet the statutory time limits, the judge could release the suspect on his own motion. Otherwise, a writ of habeas corpus would be in order. And the prosecutor would be held accountable for whatever happened afterwards, for failing to comply with the legal deadlines.

Offenses are divided into two types from the procedural point of view: misdemeanors and felonies. The former at present are dealt with in a summary proceeding, in which the investigative judge in effect acts as a ruling judge. The latter are handled in an oral proceeding before a panel of three judges. The two categories of crimes are retained under the bill, with the criminal judge hearing all misdemeanor cases and the panel hearing felonies. The investigation, in the latter case, is turned over by the provincial prosecutor to the superior prosecutor so that he can file charges with the appropriate criminal court panel (the new name for Correctional Courts), which will hold a hearing. In other words, there will be two types of oral proceedings, one before the criminal court judge and the other before the panel of criminal court judges.

The first type of offense includes crimes such as robbery, rape (other than that of minors), simple homicide, etc. The second category includes aggravated homicide, mass murders, terrorism, drug trafficking, etc.

The reason for the distinction between the two types of offense is rather difficult to comprehend. In most countries that have adopted the judicial inquiry system (with or without juries), the ruling judge hears all cases, no matter how serious. It is assumed that if a judge is competent to hear a robbery or simple homicide case, he is also competent to hear a case of aggravated homicide or terrorism.

If, as appears to be the case, the problem is that certain crimes require more careful treatment and therefore cannot be handled by a single judge at the trial level (he is susceptible to corruption, or may not have sufficient training, etc.), one might argue that those who advocate this solution are not taking a technical enough approach and that they are indulging in counterproductive mistrust. Indeed, a judge may be poorly trained or corrupt, but that can also be said of a magistrate in the superior court or even a supreme court justice. And that is not sufficient reason to pass a law to try to correct the situation. Stretching things a bit, it is like banning the manufacture of knives because they can be used to commit murder. That may well be, but without knives it is impossible to peel potatoes or cut meat.

One key point in the bill is the possibility of keeping trials to one date and completing them in a single day. Under the current code, for example, it is held that an admission of guilt by the defendant does not obviate the presentation of the other evidence, no matter how long and involved it may be. This can prolong a hearing ad libitum.

With the new system, if the defendant pleads guilty in the presence of the judge, the prosecutor, and his defense attorney, they can stipulate to the conclusion of the prosecution and the defendant can be sentenced. Moreover, the penalty can be reduced to less than the legal minimum if the defendant shows sincere remorse.

In addition, hearings must be held on consecutive calendar days until they are completed, which will do away with the one-day-a-week hearings that can make a trial last months and even years.

The examination of defendants, witnesses, and experts is expedited under the new system by providing for direct questioning by the judge, the prosecutor, the defense attorney, and the attorneys of parties with civil interests at stake. At present, the attorneys must examine defendants through the presiding judge of the court, which detracts from the spontaneity of the questioning and makes it so detached that it interferes with the elucidation of the truth.

As can be seen, despite all the imperfections that inevitably arise, there is no doubt that this bill shows promise. At least it is possible to keep to a minimum the delays, complexities, and repetitiveness that characterize the current system, based on a lumbering search for the truth. Ordinarily, anything not discovered soon after the crime is lost for all time, relegated to oblivion.

To be sure, these are just guidelines, and it will be necessary to improve the implementation, systematization of records and papers, efficiency in the transfer of prisoners, and overall expediency.

It should be noted that if the current code were enforced strictly and efficiently, prosecutions would take between one-half and one-quarter the time they now take. For one reason or another (failure to transport prisoners, dragging trials out by hearing them only one day a week, corruption, manual processing of files and records, etc.), the fact is that a criminal trial usually lasts an average of two years, which is unjust, unconstitutional, and illegal. But that's the way things are.

As in any human affairs, the new broom is nothing more than a broom. To make sure it continues to sweep well -not just while it's new- we need men who are willing to use it properly. Their attitude must change as well.

* Hnylicza Describes Change 90 Economic Plan

90SM0176A Lima CARETAS in Spanish 25 Jun 90 pp 14-17, 82

[Interview with Esteban Hnylicza, Change 90 economic adviser, by Juan Carlos Vicente; place and date not given]

[Text] [CARETAS] What routes will the Change 90 stabilization program take?

[Hnylicza] By way of a consistent route, the primary ingredient needed to instill confidence and credibility. The economic agents must be convinced that stability will come. Another essential element is consensus.

[CARETAS] How can a consensus be achieved in a program that has been the cause of electoral polarization?

[Hnylicza] The consensus should not be at the level of political parties, but rather in economic sectors: groups representing labor and management, for example. Consensus is important so that the costs of the program will be distributed equitably. There are historical examples of countries that have successfully emerged from crises by reaching a consensus: Mexico, Israel....

[CARETAS] Any stabilization program involves the implementation of an adjustment plan. Is the correction of prices inevitable in the Change 90 proposal?

[Hnylicza] There is no way to avoid the adjustment of prices. It is counterproductive and irresponsible to maintain prices at their current levels. They are below production costs. The state is now making up the difference, but since it does not have tax resources to cover the deficit, it must resort to printing currency.

[CARETAS] In other words, you would use the "paquetazo" [package of measures] method....

[Hnylicza] We must distinguish between a "paquetazo" and an adjustment program. A "paquetazo" involves deregulating prices partially in an uncoordinated manner. An adjustment is the point of departure for correcting an economy in crisis, closing the fiscal gap and finally protecting the workers' wages.

[CARETAS] But that was not what your voters were told during the campaign....

[Hnylicza] We must launch an education campaign to help people understand that to do away with inflation you have to raise some prices, not lower them. That may sound illogical, but it's true. I think the Peruvian people will be willing to make that sacrifice if it is explained to them that it is for their own good.

[CARETAS] You never mentioned sacrifices....

[Hnylicza] No one likes a price increase, I know, but no one likes to live with inflation, either. That's why I say an explanation is necessary. In the end, it will be the workers who benefit the most. They will no longer have to pay that inflationary tax, which is the depreciation of their wages between the first and last days of each month.

[CARETAS] Will you also raise public service rates?

[Hnylicza] Yes, the rates are included in the package of corrective measures that will be adopted. It is obvious that in many cases the rates being charged are unrealistic and are having a negative impact on the budget deficit.

[CARETAS] Will the price correction be immediate or gradual?

[Hnylicza] It will not be a single blow. We have a timetable that will be carried out to the letter.

[CARETAS] What is the duration of the timetable?

[Hnylicza] I can't tell you, but I can assure you that the sacrifice we are asking for will be temporary, an average of two to three months.

[CARETAS] How can you prevent this adjustment program from affecting the lowest-income citizens?

[Hnylicza] We have a parallel program. We will replace indirect subsidies with direct ones. We will eliminate all of them, obviously, to focus exclusively on those products that go directly to the neediest groups through the soup kitchens.

[CARETAS] That means that the adjustment program will have a social cost... [Hnylicza] Yes, but the recessive cost will last a very short time. Moreover, there will be programs for social development and temporary job creation through microprojects in low-income urban neighborhoods and communities.

[CARETAS] A kind of Social Action Program (PAS) a la Change 90?

[Hnylicza] Yes, of course, but the PAS promoted by the Democratic Front (FREDEMO) was like administering a sedative after cutting off the patient's head. No, this program will complement the stabilization program, and the cost of the adjustment will be minimal, paid in large measure by businessmen.

[CARETAS] How?

[Hnylicza] By maintaining workers' real wages, increasing tax contributions. There will be a consensus so that the costs of the increase for products will not be passed on through prices.

[CARETAS] But many businesses will go bankrupt, then, because prices will once again be below production costs, right?

[Hnylicza] No, I don't think so. Many businesses earned profits above historic levels because of the distortion of relative prices and the lag in the dollar exchange rate. What we want is not for them to incur losses, but for them to return to the historic level of profits and to absorb the increases in their prices so that the public will not have to bear the burden.

[CARETAS] Will you eliminate the MUC [single exchange market] dollar?

[Hnylicza] Yes, no matter what. We are going to establish a single exchange parity that will be determined by the parallel market in the beginning.

[CARETAS] Who will set the exchange rate, the government or the market?

[Hnylicza] The inflation rate will determine the exchange rate. Now, we are going to impose a monetary policy that will stabilize the exchange rate. But the most important thing is that as a result of this measure (exchange parity), when some imported foods (wheat) go up in price, the relative prices of domestic foods (potatoes, sweet potatoes) will decline, and some products in the family basket will be replaced.

[CARETAS] But a severe drought is being forecast that will affect farm products right in the second half of the year....

[Hnylicza] That act of nature has already been taken into account. We will be able to count on international cooperation from agencies such as the United Nations to deal with this contingency. But in the coming years, with the elimination of the subsidies on imported foods, farm prices will rise. This will provide incentives for the supply of agricultural products.

[CARETAS] What will the government's policy be with regard to the Central Reserve Bank (BCR)?

[Hnylicza] One of total autonomy. It will be up to the BCR to impose monetary discipline. We do not believe that inflation can be banished just by discontinuing the printing of currency, but at least that will eliminate the credit for subsidies.

[CARETAS] Will there be a multiparty board of directors, perhaps?

[Hnylicza] The government will decide that. But I think that someone independent as president of the bank is already a guarantee of autonomy.

[CARETAS] Will you restrict domestic credit?

[Hnylicza] I would say rather that there will be a reduction in domestic credit, but for a short time. Let's say about six months.

[CARETAS] Will you raise interest rates?

[Hnylicza] Interest rates are already high: Active rates are 15 percent in real terms, in some cases as high as 20 percent, so I don't think there will be any changes in that regard.

[CARETAS] Will tariffs be reduced, as FREDEMO proposed?

[Hnylicza] In the short run, we will simplify them, reducing the number of rates in effect. The medium-term trend will be to gradually lower tariffs. It is a question of liberalizing gradually.

[CARETAS] In the end, what is the difference between the adjustment program proposed by Change 90 and that advocated by FREDEMO?

[Hnylicza] The adjustment had to take place in either case. The main difference, in my opinion, lies in the fact that the complementary measures of a price correction program in our case will take place through consensus so that purchasing power can be maintained without leaving wages and prices at the mercy of the free market.

[CARETAS] Will the government set them?

[Hnylicza] No, they will be determined by a consensus. Labor and management must reach an agreement. Naturally, those who have more will have to support those who have less. The state only acts as a mediator.

[CARETAS] After the adjustment, how will we finance the growth of our economy?

[Hnylicza] It can't be reactivated over a short period of time because of the lack of foreign exchange. The initial engine of growth will be foreign investment (in mining, in the Bayovar deposits, for example; and in petroleum, as in Camisea gas) and the reactivation of exports. We

will promote the export sector with aggressive measures (unifying the exchange rate, for example) and promote medium and small businesses (quick credit and new international markets). We expect that these measures will replenish the supply of foreign exchange quickly and encourage the development of projects and investments that will ensure sustained economic growth.

[CARETAS] Where will we get the financing we need for the government's first quarter?

[Hnylicza] A dialogue will begin with the IMF and the Japanese Government. It is ironic, but the magnitude of the crisis gives us bargaining power. I can assure you that the international financial community is very interested in getting Peru out of the crisis.

[CARETAS] But first we must pay, at least some of the back interest on the debt....

[Hnylicza] We have an open door to dialogue with the international financial organizations. They know that we are not in a position to pay even the back interest, but they also know that in principle we acknowledge our debt and we are most willing to fulfill our obligations.

[CARETAS] Doesn't that mean following the prescriptions of the IMF?

[Hnylicza] No. I think even the IMF has undergone some self-criticism with regard to the prescriptions it was giving countries in crisis. This is reflected in the IMF's greater flexibility in dealing with the debt.

[CARETAS] What kind of tax reform will the incoming government propose?

[Hnylicza] We have two clearly defined policies on taxes: In the short term, emergency taxes will be created to provide immediate liquidity in the government's coffers.

[CARETAS] That means...

[Hnylicza]...eliminating all tax exemptions currently in effect and creating, perhaps, a tax on windfall profits. This is for the immediate term. But tax reform per se will be geared to the simplification of the tax system and the improvement of the government's collection capabilities. This is for the medium term.

[CARETAS] In all of this program, what will the role of businessmen be?

[Hnylicza] We are going to emphasize the institutional participation of trade associations in conjunction with the Ministry of Economy and Finance (MEF). The MEF has been removed from business activity. We will give the economic agents a role in decision-making once again through the ongoing dialogue. We will not call them in just to inform them of measures the government has taken; we will ask them for their contributions so they can help formulate stable policies on taxation, tariffs, etc.

[CARETAS] What do you expect of private businessmen?

[Hnylicza] We are confident that they will increase their investment in Peru. We are going to establish fixed rules and create a climate of confidence. We hope that businessmen will respond. But we are also going to impose economic discipline: no more easy profits or fat-cat behavior. In that regard Fujimori has an advantage over FREDEMO, because he has made no commitments to businessmen.

[CARETAS] By how much do you expect to bring down inflation?

[Hnylicza] Anyone can set a goal of 10 percent in a year. It is a question of establishing consistency between objectives and programs. Our intermediate goal is to reach 6 or 7 percent within a year, as a ceiling, although we will aim for 2 or 3 percent. And we can achieve it because our program really is consistent.

* MRTA Leader Polay on Armed Struggle

90SM0176C Lima CARETAS in Spanish 25 Jun 90 pp 31-33

[Interview with MRTA leader Victor Polay Campos by unidentified reporter at the Canto Grande Prison in Lima; date not given]

[Text] On the third floor in the conjugal visits ward of Canto Grande—not used because everyone uses their own rooms for that purpose—in Cell A (Cell B is assigned to Osman Morote) is Victor Polay Campos, aka "Rolando." He has two rooms, one used as a bedroom and living room and the other as a kitchen. The bedroom is L-shaped, and as soon as a visitor enters he notices a stereo, a television, and a footstool on which are stacked books and magazines. Against the far wall is the bed, and hung on the wall is a drawing of Tupac Amaru. Under the drawing sits a small table that serves as a desk. Victor Polay appears to be calm and in good health. He removes the books and offers the visitor the footstool (superstition, perhaps), and he takes the chair.

He speaks slowly and gives measured responses. There is no doubt that the arrogance he displayed at Juanjui and Soritor is a thing of the past. And the tone of his answers as well as the testimony he has given in his trial suggest that his strategy is to sell the idea of the heroic, romantic guerrilla. This attitude is corroborated by the timely letters sent from Germany and France to plead his cause. There is never a lack of strange institutions devoted to such activities for the rich who are unemployed.

Throughout the interview, Polay maintained this attitude. In his view, subversion and the consequent terror are justified by the country's situation with an impoverished population.

Although he asserts that in Colombia the majority supports subversion of the type promoted by his colleagues in M-19, since voting is not mandatory there and 50

percent of the population abstained from participating in the elections. He does not apply the same principle here, where there was a much smaller than usual number of blank and void ballots (encouraged by his people) and where voting is mandatory.

Despite his acknowledgement to the court, of the kidnappings, acts of violence, assaults, and murders committed by the movement he leads, he avoided any mention of these matters. He steadfastly maintained the image he wants to project, which points in a single tactical direction: convincing the court to classify his crime as rebellion and not terrorism.

[CARETAS] The late M-19 leader Carlos Pizarro told a Colombian daily he had stopped dreaming of being Superman or Batman, and that he was joining the establishment and abandoning the risks of violence. What is your opinion in that regard?

[Polay] We have a history of close relations with M-19. We hailed M-19 for its military audacity, its great sense of political opportunism, and the breadth of its policy of forging alliances. Unfortunately, most of the historic cadres of M-19 were murdered or killed in combat. In that very search for new paths for the revolutionary struggle, M-19 has become a legitimate party.

We think that it is the people and the popular organizations of Colombia who must evaluate their decision and decide whether or not it was right. Nevertheless, the deaths of presidential candidates and Pizarro's own death make it clear that the time for justice and peace in Colombia has not yet arrived.

[CARETAS] Doesn't the 12.6 percent of the vote that M-19 won in the last general elections, making it the third-largest political force in Colombia, prove the contrary? Isn't this a demonstration that the people voted for peace?

[Polay] Voting is not mandatory in Colombia, and we understand that only 50 percent of the population voted in the Colombian elections. This shows that there are sectors in Colombia that do not regard elections as a means of transforming society.

[CARETAS] You share Pizarro's opinion that the times are not favorable for guerrilla warfare. Why?

[Polay] In Peru, society is going through a period of major contradictions that have been building over a period of years, due to economic, political, social, cultural, and racial violence. In this context, guerrilla warfare is only one of the expressions of this violence. I can assure you that the Tupac Amaru Revolutionary Movement (MRTA) that emerged in 1982, when we were a handful of fighters, is now a national organization with guerrilla fronts in various parts of the country. The ministers of defense and of the interior have recognized this fact by placing thousands of men in arms. But that is not enough, as the MRTA is the instrument of the people's struggle, not an end in itself.

[CARETAS] That means that you intend to continue along the path of violence, even if that entails a guerrilla war like the one in Colombia, lasting more than 30 years. Why not choose an intelligent solution like Pizarro's?

[Polay] There is no lack of intelligent solutions and good intentions, but they must be viewed in light of the fact that the major problems we face require major solutions. That is, solutions that go to the root of the problem.

[CARETAS] What are the differences and similarities between M-19 and the MRTA?

[Polay] M-19 has decided to go legitimate, but that does not mean the violence has disappeared. What we think is that if there is no real transformation in Peru, the MRTA can't agree to toe the line for any government. The frustrations of the people are too great for the MRTA to be an accomplice to another great frustration.

[CARETAS] What could the MRTA contribute to the pacification of the country?

[Polay] We contend that change can only take place in this country on the basis of a popular consensus that will bring together the organizations of the left, the grassroots of the American Popular Revolutionary Alliance (APRA), the patriotic sectors of the military and police, and the responsible elements of the Church in order to forge an agreement that will make it possible for us to achieve sovereignty, social justice, peace, and democracy of the people. We think that the country no longer believes in the traditional forms of political activity, nor does it have any faith in this formal democracy.

[CARETAS] Will the MRTA lay down its weapons?

[Polay] What we must make clear is that the MRTA does not seek peace for the MRTA; it seeks peace for the Peruvian people. In other words, there can be no peace as long as the historic-social problems remain unresolved. Violence in Peru did not appear with the MRTA or with Sendero or with the APRA. Violence has always existed; there is structural violence that is manifested when the people do not have access to food, shelter, and health care. Therefore, whether or not the MRTA lays down its weapons, which it can do, that will not solve the problem of violence.

[CARETAS] Assuming there were a way to solve the principal problems of the country, and achieving it required the unity of all Peruvians, is it possible that the MRTA would surrender its weapons to pave the way for pacification?

[Polay] Surrendering weapons is secondary. The main thing is undertaking a true pacification process in the country, in which the key objective is solving the great problems of Peruvian society. In that regard, the MRTA is willing to take the necessary steps. Suffice it to mention the suspension of actions that the MRTA called in 1985.

[CARETAS] What would the next government have to do to begin this process?

[Polay] First, the government would have to reverse the militarization process. Then the perpetrators of the dirty war would have to be punished, along with immoral and corrupt individuals. There would have to be scrupulous respect for the conquests of the workers. The burden of the crisis must be borne by those powerful groups that, like the 12 apostles, took millions of dollars abroad.

[CARETAS] What is your opinion of the victory of Alberto Fujimori?

[Polay] The majority voted for Fujimori to shut out the right. In addition, with Vargas Llosa there was no possibility for dialogue.

[CARETAS] Will the MRTA give the Change 90 government a truce, as it did for the APRA government?

[Polay] The problem of winning peace has to be handled seriously and responsibly. Unfortunately, the media have distorted my statements in court. What I said was that the MRTA is now assessing new developments in the country following the defeat of the traditional right. The people know very little about Change 90, and there is no serious reason to believe that Change 90 will fulfill the historic aspirations of the Peruvian people. For example, we do not know Change 90's position on the dirty war, and we have read that they will not engage in dialogue with subversives. Before making any decision, we must have a clear idea of what Change 90 proposes.

Uruguay

Executive Branch Wants To End State Monopolies

PY0208181890 Montevideo Radio El Espectador Network in Spanish 1600 GMT 2 Aug 90

[Text] The executive branch in the past few hours submitted a bill to Congress to implement the announced termination of the monopolies of several state-run companies. Official sources said that this is the first step toward the reform of the state and toward the liberalization of the private sector.

In the bill, the executive branch proposes to end the state-run monopolies of alcohol production by ANCAP [national administration of fuels, alcohol, and portland cement], the sale of insurance policies by the state insurance bank, the rendering of port and telecommunications services, and the casinos.

Venezuela

President Perez 'Worrried' by Iraqi Invasion

PA0208165390 Caracas Venezolana de Television Canal 8 in Spanish 1600 GMT 2 Aug 90

[Text] Venezuelan President Carlos Andres Perez has described the consequences the Iraqi invasion of Kuwait will have for world peace as serious.

[Begin Perez recording] I do not want to think about the reactions of the world oil market. These reactions might initially seem favorable. I am very worried about the current situation. This is an absurd conflict. I deplore the incursion of Iraqi forces into Kuwaiti territory.

I believe this action harms us all. It harms the struggle that we, the developing countries, are conducting for our voices to be heard and to occupy the places that we deserve to occupy in world trade and exchange. I hope this conflict will end soon. Far from benefitting any of us, conflicts between OPEC member countries harm us all. [end recording]

Perez Comments on Role of South Commission

PA0208182690 Caracas Venezolana de Television Canal 8 in Spanish 1600 GMT 2 Aug 90

[Text] The 28 personalities who form the South Commission began meeting early in the morning at the Euro Building. President Carlos Andres Perez arrived with Foreign Minister Reinaldo Figueredo. The initial discussion centered on the need for greater understanding between the countries of the Group of the 20 [not further identified] and the nine industrialized Western powers. A document, called the "Challenge of the South," states that the developed countries must be concerned about the achievement of full development by the developing countries. The delegates expressed their views on these issues. In the Challenge of the South, they will propose the means to achieve greater understanding so that the Group of the 20—in other words, two-thirds of the world—can overcome the current crisis and achieve full development. It is believed that the delegates will make their final viewpoints known tomorrow even though the final document is nearly complete.

Venezuelan President Carlos Andres Perez stressed the need for greater political resolve from the developed countries. He said the following:

[Begin Perez recording] I have no doubt that a great historic opportunity is open to us because redefinitions are evolving in international relations. If we, with a renewed spirit that bears in mind this new reality, with firmness, with the ability to undertake concerted efforts—something we have to date not done—and with the deep and serious analysis done by the South Commission, are capable of acting at this moment in mankind's history, we will be able to begin a process that will make a North-South dialogue possible. In this way, we will be able to play a significant and important role in the world. [end recording]

The president expressed the Third World's desire to seek greater understanding with the developed countries to achieve the goals of overcoming poverty and hunger in the Third World. President Perez emphatically stated that these initiatives must be backed by the big powers so that there will be increasingly greater political, economic, and social understanding.

Cuban Vice President Discusses Castro Policy

PA0308030190 Caracas Venezolana de Television Canal 8 in Spanish 1215 GMT 2 Aug 90

[Interview with Cuban Vice President Carlos Rafael Rodriguez by unidentified reporters in Caracas—live; monitored in progress]

[Text] [Rodriguez] ...a country where over 90 percent of its population supports the people, I mean the government, has no political problems.

[Reporter] But it is very easy for a government that has total control over its population not to have political problems, Mr. Vice President.

[Rodriguez] That control exists because the people want it to exist. You, like the commissioners who are here in Venezuela now, can visit our country and witness events such as the 26 July ceremony in which over 400,000 people joyfully demonstrated at Revolution Square. Although very serious problems such as the revitalization of the economy and the need for the people to make more sacrifices were being discussed there, they applauded the revolution that day. Those sacrifices were applauded by the masses because they know they have to make those sacrifices to revitalize the country's economy in view of the imperialist aggression.

[Reporter] Excuse me for interrupting, but as for Fidel Castro's rejection of some of the actions conducted by Mikhail Gorbachev within perestroyka, it is said that Cuba has been left alone and is becoming increasingly isolated in the continent. What do you think about that?

[Rodriguez] Do you think that a country that gets 146 votes at the United Nations at the voting to elect the UN Security Council members can be regarded as an isolated country? Do you think Cuba has been left alone? The 28 commissioners just visited Cuba, including Indian Ambassador (Bracho), who was Carlos Andres Perez' representative [as heard]. Do you think that a country that has the support of very important Latin American peoples forces and for whose apparent isolation Latin America is expressing concern has been left alone?

[Reporter] But there are many democratic governments in Latin America.

[Rodriguez] Of course.

[Reporter] And most Latin American democratic governments still hope that one day an open democracy toward Latin America will again shine in Cuba. Mr. Vice President, do you not fear that Cuba will also be pushed into that wave of political opening that is practically prevailing all through the Soviet Union?

[Rodriguez] Cuba is a politically open country. Cuba is open to its people. It is a country where 90 percent of the people support the government. It is a country where elections are held. It is a country where there are daily mass demonstrations all throughout the country. When the 100,000 worms left our country, up to 6 million people participated in demonstrations. We have graphs and statistics proving these figures. This is not an invention. The foreign reporters who attended the demonstration can give their testimony. They saw 6 million people demonstrate in favor of the government when the 100,000 worms left the country. One hundred thousand against 6 million is a sufficiently significant figure that reflects the prevailing situation in Cuba. It is not that we do not have dissidents in Cuba, but those dissidents do not represent anything.

I have been informed that during a meeting in Guatemala, Latin American liberal party militants called for an opening in Cuba, claiming that there is none. What kind of opening do they want in Cuba? They want elections in Cuba, but there are elections in Cuba. Elections in Cuba, and this is very important, take place at the rank and file level. The people choose their candidates, not the parties.

[Reporter] Is there freedom of the press in Cuba, Mr. Vice President? Do the Cuban people receive information on all that happens abroad? Do they know about everything that happens in the world?

[Rodriguez] Your question is very interesting. In an effort to justify TV Marti, things like this have been said: Cuba will find out through TV Marti that the Berlin Wall has fallen. The Cuban media have repeatedly reported on the fall of the Berlin Wall, when it fell, and how the East Germans felt about it. It is ridiculous to say that there is no freedom of the press in Cuba. Cuba broadcasts a U.S. Cable News Network program every Friday, when the most important news of the world is summarized and reported to the country.

[Reporter] Yes, colleague, but I am asking you about feedback. I am not addressing you as vice president but as a fellow journalist. Is there freedom of the press in the sense that anyone may write whatever he or she feels? For example, if I were not to like Fidel's government, could I go to a newspaper and tell him that?

[Rodriguez] Could you write in a newspaper against the newspaper's director or owner?

[Reporter] No, but if I do not like the government I can say so, and it is published.

[Rodriguez] If the government does not like it, it is published?

[Reporter] In Venezuela and many other Latin American countries it would be published. Nowadays it would be published, although this was not the case in the past.

[Rodriguez] In Cuba, criticism is expressed in the most varied ways. Criticism is expressed in assemblies and in public meetings. There is criticism against government work. Our first critic is Fidel Castro, but this is another matter.

[Reporter] To conclude, a very important point...

[Another reporter, interrupting] We have to give time to Roberto Sabio, the director of INTERPRESS SERVICE. Don't go away, Roberto.

[Reporter] Please wait for us a second. Regarding relations with Spain, which have been very turbulent...

[Rodriguez] What do you want me to tell you?

[Reporter] Well, how are those relations? What does the vice president of Cuba think about Spain?

[Rodriguez] Our relations with Spain have been unsurpassable, even during the days of Franco, the Spanish caudillo. Those relations have not been interfered with. In recent days, approximately 24 persons entered the Spanish Embassy in Havana using violence. This happened as part of an operation orchestrated by the United States, as people who participated in this action have admitted, to create a difficult situation like the one created in Albania and Romania. This effort has been a complete failure. Some of those people went into the Italian Embassy and have already left it. They are already in their homes. Others entered the Swiss Embassy. They have also left it and are in their own homes already.

[Reporter] In their homes in Cuba?

[Rodriguez] Yes, in their homes in Cuba.

[Reporter] Hmm, I would have to see that.

[Rodriguez] Do not leave it at that. Why don't you take a plane and go to Cuba, since you are such an interested journalist? Those who entered the Czechoslovak Embassy, who are the ones who started the whole thing, are also in their homes, and they have been seen by international news people in Cuba—because we are not that isolated and because Cuba is full of international journalists. More than 100 international journalists have just visited Cuba on the occasion of the 26 July event, and they visited the residences of the people who were in the embassies. We could continue talking about this, but Roberto Sabio is waiting.

[Reporter] Yes.

[Reporter] We are going to continue with him now. Unfortunately, we have run out of time here, Mr. Vice President. We want you to use the remaining minute of this first interview to deliver a message to the Venezuelan people, especially to the South Commission, and to tell them how this can be a road of hope for Latin America.

[Rodriguez] This is a message from the South Commission to the Venezuelan people. I want to tell the Venezuelan people that for me it is an honor to be again in this country, which I have been visiting since the 1940's and where I have many old friends, some of whom have departed already, and new friends.

The South Commission has come with much interest to Caracas, one of the important centers in Latin America and the underdeveloped world—the southern world.

Tomorrow, under the chairmanship of President Carlos Andres Perez and in the presence of Malaysian Prime Minister Mahathir, who was one of the initiators of this project, we are going to present our book: The South Challenge. The south has a challenge it must face, and Latin America, as a fundamental part of the south, must also respond. Thank you.

[Reporter] Thank you, Mr. Vice President.

[Reporter] We thank Cuban Vice President Carlos Rafael Rodriguez for this interesting interview. There are many subjects to be discussed yet, but there will be another opportunity to invite you again.

[Reporter] Thank you, colleague, for having been here with us.

Discusses Free Trade Zone Proposal

PA0308031590 Madrid EFE in Spanish 1919 GMT 2 Aug 90

[Text] Caracas, 2 Aug (EFE)—Cuban Vice President Carlos Rafael Rodriguez stated today in Caracas that the Cuban Government does not understand why some Latin American countries are so pleased with U.S. President George Bush's proposal to create a free trade zone.

Rodriguez said that Bush's proposal has the sole objective of establishing stronger U.S. domination over the Latin American economies, and must be analyzed taking into consideration the U.S. financial situation.

The Cuban official said this during a news conference in the framework of the South Commission meeting that was opened today in Caracas by Venezuelan President Carlos Andres Perez and attended by representatives of African, Latin American, and Asian countries.

The Cuban vice president said that the United States has a $268-billion trade deficit at present and that the consolidation of economic blocs like those of the EC and Japan have made the United States lose a good portion of its international trade.

According to Rodriguez, Bush's proposal is aimed at consolidating U.S. supremacy in the area and at securing direct U.S. participation in the Latin American markets having the advantage of superior U.S. technological development.

For the Latin American economies, an agreement of this nature with the United States would be dangerous because technologically underdeveloped countries would find themselves forced to compete under disadvantageous conditions, Rodriguez said.

Rodriguez also referred to the foreign debt-related proposal made by President Bush. He said that the $7-billion debt pardon offer is a joke when compared with the $415-billion foreign debt of Latin America and the Caribbean.

The plan of U.S. Treasury Secretary Nicholas Brady was criticized by Rodriguez, who noted that the U.S. initiative has not resolved the debt problem of countries like Mexico and Venezuela that have made efforts to get out of their respective crises.

Protocol Signed Making Country GATT Member

PA0208200990 Caracas Venezolana de Television Canal 8 in Spanish 1600 GMT 2 Aug 90

[Text] Venezuelan Ambassador Miguel Rodriguez Mendoza has signed the protocol by which Venezuela becomes a GATT member country. The signing of the protocol was held in Geneva during a ceremony attended by the representatives of many developed and developing countries and GATT authorities.

The protocol establishes Venezuela's duties and rights as a GATT member, and it will enter into effect within 30 days beginning today and after the Venezuelan Congress approves it.

Guyana

Hoyte on Elections, Foreign Observers, Aid

FL0208184090 Bridgetown CANA in English 1819 GMT 2 Aug 90

[Report by Peter Richards]

[Text] Kingston, Jamaica, Aug 2, CANA—Guyana's President Desmond Hoyte has dismissed attempts by a group of U.S. congressmen to halt American economic aid to his government, pending the holding of "free and fair" elections. Stressing that Guyana was a sovereign country, Hoyte said: "We deal with governments; we don't deal with the legislative branch...."

He was reacting at a news conference here to reports that a group of congressmen had written Secretary of State James Baker citing a need to withhold aid funds to Guyana pending the holding of free elections.

"We will not sell our sovereignty for anything in the world," said the Guyana leader, here for a Caribbean Community (Caricom) summit.

In their letter, the U.S. congressmen called for the suspension of aid "...until the Guyanese Government undertakes the electoral reforms necessary to conduct genuinely democratic elections."

Opposition parties and other critics of the Guyana Government have repeatedly accused the ruling People's National Congress of rigging successive elections after 1964 to stay in power. Among the signatories of the letter were George Crockett, chairman of the Western Hemisphere Foreign Affairs sub-committee of the House of Representatives and Bernie Dwyer and Matt McHugh, of the House Appropriation Committee.

Hoyte told reporters that only the observer team appointed by the Commonwealth secretary-general to monitor the forthcoming election would be recognized by the Georgetown government.

Guyana had requested Caricom representation on the Commonwealth team, "having regard to our own association within Caricom," he said.

Hoyte said he would not allow "a circus" in Guyana in the form of several observer groups to the elections, due to be held no later than March next year.

"The point is one of principle and one of logistics," he said.

"I will have a difficulty in four or five different people saying they are observing.... It seems to me that is going to be a prescription for anarchy," Hoyte said.

Hoyte denounced Guyanese opposition parties for attempting to "misinform" the world about the status of the electoral reforms. To date, he said none had come forward with any contribution in this respect.

"What I can say to you is that the government proposed that we should review the Constitution. A motion was tabled in the National Assembly and the position of the (opposition) Peoples Progressive Party is that there should be no constitutional review or amendment until after the elections."

He said the island was recovering from an economic recession of the 1970's, plus the decline of the main sugar, rice, and bauxite sectors of the economy.

He said the Economic Recovery Programme (ERP) which his administration was implementing with the assistance of international lending agencies and governments should help the country recover in the future.

"We have always been a party of change, we have undergone tremendous transformation in policies, in programmes, and approaches. ...And it will be for the Guyanese people to decide," he added.

Suriname

Government To Begin Talks With Jungle Commando

FL0308122690 Paramaribo International Service in English 1730 GMT 2 Aug 90

[Text] The disarming of illegal armed groups is the most important agenda point during the coming discussions between the government and rebel groups. During the coming discussions, among others, the handing over of weapons by the rebels, amnesty, [words indistinct], and the rebuilding of the interior, are matters that will be settled.

That was told to journalists by Social Affairs Minister Willy Soemita. The next meeting with the Jungle Command, which would have been held tomorrow, has been postponed Monday coming. The discussions will take place in outskirts of the French Guianese capital, Cayenne. The discussions will also be held with other illegal armed groups, said Soemita yesterday.

According to the minister, following this, the peace process will be rounded off with a joint meeting of all the (?parties) concerned in the Surinamese capital, Paramaribo. Minister Soemita said that the Kourou Accord, which was signed a year ago between the government and the Jungle Commando, will not form the bases for the coming discussions. The disarming of rebel groups will now be the focus of attention and the discussion, said Soemita yesterday. He is leading the government delegation which will on Monday coming open the (?fifth) meeting with the Jungle Commando. Other members of the delegation include Education Minister Ronald Venetiaan, Natural Resources Minister Pretaapnarian Radhakishun, and representative of the National Assembly (Enzo Maurich).

Military Authority Rejects French Peace Plan

FL0208124390 Paramaribo International Service in English 1730 GMT 1 Aug 90

[Text] The French Government has been very helpful by presenting proposals to achieve peace in Suriname. However, it is not for France to decide how Suriname will solve its problems. This was stated by a member of the military authority (Tuan uan Sung) today. According to the military authority the peace proposals are also unacceptable because this leads to a decision in the country. [as heard] The French Government has in a note to the Surinamese Government proposed that administrative centers be set up in the interior, operating as government bodies independent from the police and the Army. The Army will not cooperate with this, said the military authority. The military spokesman is of the opinion that the Surinamese Government must accomplish peace, create jobs for the rebels, and develop the interior.

The national Army will, according to the spokesman, help to realize this. The military authority has in a letter of reaction requested by the government expressed this same argument.

Dutch Minister's Remarks Termed Insulting

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[Text] The chairman of the opposition National Democratic Party, NDP, Jules Wijdenbosch said that the Surinamese Government has no self-respect. According to Wijdenbosch, the Dutch minister of development corporation deeply insulted the Suriname people and the government when he said that Holland has no confidence in the policy of the Surinamese Government. Pronk made these remarks during a press conference while on an orientation visit to Suriname a week ago. Wijdenbosch said it was unheard of that the Dutch minister made such remarks in Suriname without the government calling him to order. The NDP chairman said that the Surinamese Government doesn't stand criticisms from groups and organs in the country, but took the remarks from the Dutch minister Pronk without making a reply. Wijdenbosch is of the view that the Suriname Government has no self-respect.